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UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D. C. 20523

BELIZE

PROJECT PAPER

EXPORT AND INVESTMENT PROMOTION
AMENDMENT NUMBER 2

AID/LAC/P-710
(CR-319 & 441)

PROJECT NUMBER: 505-0027

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AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT DATA SHEET				1. TRANSACTION CODE <input checked="" type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete		Amendment Number <div style="border: 1px solid black; width: 50px; text-align: center; margin: 0 auto;">2</div>		DOCUMENT CODE <div style="border: 1px solid black; width: 50px; text-align: center; margin: 0 auto;">3</div>	
2. COUNTRY/ENTITY USAID/Belize				3. PROJECT NUMBER <div style="border: 1px solid black; width: 100px; text-align: center;">505-0027</div>					
4. BUREAU/OFFICE LAC				5. PROJECT TITLE (maximum 40 characters) <div style="border: 1px solid black; padding: 2px;">Export and Investment Promotion</div>					
6. PROJECT ASSISTANCE COMPLETION DATE (FACD) <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <div>MM DD YY</div> </div>				7. ESTIMATED DATE OF OBLIGATION (Under "E" below, enter 1, 2, 3, or 4) <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div>A. Initial FY <div style="border: 1px solid black; width: 40px; text-align: center;">86</div></div> <div>B. Quarter <input type="checkbox"/></div> <div>C. Final FY <div style="border: 1px solid black; width: 40px; text-align: center;">93</div></div> </div>					
8. COSTS (\$000 OR EQUIVALENT \$1 =)									
A. FUNDING SOURCE		FIRST FY			LIFE OF PROJECT				
		B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total		
AID Appropriated Total									
(Grant)		(1,089)	(411)	(1,500)	(2,710)	(1,190)	(4,900)		
(Loan)		()	()	()	()	()	()		
Other	1.								
U.S.	2.								
Host Country			402	402		1,000	1,000		
Other Donor(s)			498	498		1,105	1,105		
TOTALS		1,089	1,311	2,400	2,710	4,295	7,005		
9. SCHEDULE OF AID FUNDING (\$000)									
A. APPRO- PRIATION	B. PRIMARY PURPOSE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
	CODE	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1)	SDA					400		4,900	
(2)									
(3)									
(4)									
TOTALS						400		4,900	
10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)								11. SECONDARY PURPOSE CODE	
12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)									
A. Code									
B. Amount									
13. PROJECT PURPOSE (maximum 480 characters) <div style="border: 1px solid black; padding: 10px; margin-top: 10px;"> To develop the capacity of the private and public sector to promote, provide technical assistance for and facilitate export and tourism projects undertaken in Belize. </div>									
14. SCHEDULED EVALUATIONS <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <div>Interim MM YY</div> <div>MM YY</div> <div>Final MM YY</div> </div>					15. SOURCE/ORIGIN OF GOODS AND SERVICES <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input type="checkbox"/> 000 <input type="checkbox"/> 941 <input type="checkbox"/> Local <input type="checkbox"/> Other (Specify) </div>				
16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a page PP Amendments) This amendment will increase A.I.D. grant funding for the project in the amount of four hundred thousand U.S. dollars (\$400,000). The Controller hereby certifies that he reviewed the methods of finance and implementation and hereby approves the appropriate sections.									
17. APPROVED BY		Signature Title A.I.D. Representative				Date Signed MM DD YY			
						18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION MM DD YY			

BELIZE

PROJECT PAPER AMENDMENT 2

Export and Investment Promotion Project

(Project No. 505-0027)

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PROJECT AUTHORIZATION AMENDMENT

Name of Country: Belize
Name of Project: Export and Investment Promotion
Number of Project: 505-0027

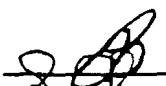
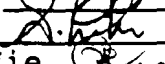


1. Pursuant to Section 106 of the Foreign Assistance Act of 1961, as amended, the Export and Investment Promotion Project for Belize was authorized on June 30, 1986. That authorization was amended on July 28, 1988, and is hereby further amended to add US \$400,000 in Grant funds for the private sector component. Section 1 of the Authorization is amended by substituting in lieu of the present amount a new Grant amount of Four Million Nine Hundred Thousand United States Dollars (\$4,900,000).

2. Except as expressly modified or amended hereby, the Authorization remains in full force and effect.


Barbara P Sandoval
A.I.D. Representative


November 8, 1991
Date

Clearances:

PDO, P.Bisek		date	<u>11/1/91</u>
ADO, G.Like		date	<u>11/1/91</u>
GDO, P.McDuffie		date	<u>11/2/91</u>
CONT, D.Dolley		date	<u>11/7/91</u>
RLA, M.Williams	<u>(draft)</u>	date	<u>10/9/91</u> (Telefax control No 10-61)

Drafted: PDO, PPerezJr/1141w/09704/91

USAID/B Controller's Office

 11/04/91

- 2 -

SUMMARY AND RECOMMENDATIONS

A. Summary

The Export and Investment Promotion Project, authorized in 1986 and amended in 1988, has private and public sector components. This further Amendment relates to the private sector component, which consists of a Cooperative Agreement with the Belize Chamber of Commerce and Industry and its Belize Export and Investment Promotion Unit (BCCI/BEIPU) with planned LOP funding of \$3,260,000 and a Grant to the International Executive Services Corps (IESC) planned to total \$200,000.

The IESC grant provided services of Volunteer Executives which have been well regarded. However, due to a change in funding policies by IESC headquarters and A.I.D./Washington, and completion of the separate Private Sector Investment Project (505-0040), the IESC/Belize office has been closed. To continue and then to help bring IESC activities to an orderly conclusion, funding for IESC under this Project was increased to \$270,000, reducing the amount available for BCCI/BEIPU within the current authorization by \$70,000.

During 1989 and 1990, BCCI and BEIPU were fully integrated and BCCI/BEIPU has become the leading private sector organization in Belize. As one consequence, the earlier low level of activity in trade and investment has been reversed and steps had to be taken to reduce Project expenditures to a rate which evenly distributes the balance of funds over the remaining life of the Project.

While making serious efforts to economize, BCCI/BEIPU does not want to lose the momentum it has built up. It has stepped up efforts to increase funds from other donors and the Government of Belize (GOB) to help finance the "public good" activities which make up much of its expenditures.

The proposed Amendment will replace the \$70,000 reprogrammed to IESC, and increase planned LOP support to BCCI/BEIPU by \$330,000 for three areas of increased or new activity.

1. Increased Training and Technical Assistance: An increase in funding (\$80,000) will help fill the gap left by the closure of the IESC office and supplement funds available in the current budget for training and technical assistance. Some of the funds will be used to support a Junior Achievement program and additional training through Entrepreneurs International.

2. Handicraft Development: The handicraft industry, has potential for rural and urban employment, especially for women, but has been poorly organized. The growing tourism industry and export demand for handicrafts offer opportunities which are constrained by lack of organized institutional support to the industry, which is characterized by small-scale individual production. Moreover, there is concern about the impact of even

the small existing industry on the natural resources which provide its raw materials. A.I.D. funding (\$90,000) would enable BCCI/BEIPU to address these constraints in a joint venture with the GOB and a National Handicraft Board to be established under the subproject. Substantial contributions are expected from the GOB and the private sector participants.

3. Trade & Policy Analysis: BCCI/BEIPU now provides liaison between Government and the private sector on export and investment issues, and has taken a leadership role in guiding Government towards the proper economic climate for business. A.I.D. funds of \$160,000 would help BCCI/BEIPU add specialized ability to assemble and analyze information in support of positions and policy changes needed to respond to changes in world markets and regional and hemispheric integration.

Sustainability of the organization remains a major concern and expanded BCCI/BEIPU activities may be even more difficult to sustain. The handicrafts activity should generate sufficient revenues to support continued operations, but perpetuating the trade and policy analysis unit is more problematic. Results achievable during the Project period would justify A.I.D. support even if the activity cannot be sustained after the PACD, and organizational and contractual arrangements will mitigate repercussions on personnel. Meanwhile, BCCI/BEIPU will try to establish an endowment from business and GOB contributions to support a permanent "think tank" for trade and policy analysis. Given the clear need for this type of capability in Belize, there is a level of optimism that support will be forthcoming in some form. The initial A.I.D. funded effort would establish a base.

The estimated additional cost to A.I.D. for this Amendment totals \$400,000, increasing the total A.I.D. project cost for all components to \$4,900,000. Host country contributions for the additional activities are estimated at \$375,000.

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SUMMARY COST ESTIMATE (Increase - US\$000)

	<u>USAID</u>	<u>Private Sector</u>	<u>GOB</u>	<u>Total</u>
Reprogramming	70			70
New Activities				
Training & TA	80	15		95
Policy Analysis	160	60		220
Handicrafts	<u>90</u>	<u>200</u>	<u>100</u>	<u>390</u>
Subtotal	330	275	100	705
Totals	<u>400</u>	<u>275</u>	<u>100</u>	<u>775</u>

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B. Recommendation: That the authorization for the Export and Investment Promotion Program (505-0027) be amended to increase life of project funding by \$400,000.

I. BACKGROUND AND RATIONALE

The Export and Investment Promotion Project, authorized in 1986 and amended in 1988, contains private and public sector components. The private sector component involves two implementing agencies--the Belize Chamber of Commerce and Industry/Belize Export and Investment Promotion Unit (BCCI/BEIPU), a Belizean private voluntary organization (PVO) registered with A.I.D.; and the International Executive Services Corps (IESC), a U.S. PVO. The implementing agency for the public sector component is the Ministry of Tourism and the Environment through the Department of Archaeology and the Belize Tourist Board.

The private sector component, under a \$3.0 million cooperative agreement helped to create, support and finance BEIPU, a division within BCCI, to advise and facilitate investors and exporters. An additional \$260,000 was made available for institutional strengthening of the Belize Chamber of Commerce and Industry. Through a separate cooperative agreement, \$200,000 was made available to IESC for extending technical assistance to export and tourism enterprises.

The public sector component, under a \$1,040,000 Grant Agreement with the Government of Belize focusing on tourism, financed a public relations and marketing plan and publicity materials to identify and promote Belize's most promising potential tourism attractions and facilities, and the excavation/consolidation and improvement of archaeological sites. The public sector activities are largely completed and follow-on assistance to improve Belize's capacity to manage tourism growth is programmed under a new Tourism Management Project (505-0044) being initiated in FY 1991. This Amendment relates only to the private sector component.

A. Accomplishments

1. BCCI/BEIPU

In 1988, BCCI undertook an internal analysis of the BEIPU project. The conclusion, in which USAID concurred, was that for any chance for self-sustainability after the PACD the organization had to restructure itself to completely integrate BEIPU into BCCI. The project was subsequently modified to fund BCCI/BEIPU's institutional strengthening and project activities up to July 1993. Since integration, the organization has grown more dynamic and increased membership considerably--from 98 to over 300 members.

BCCI/BEIPU, now operating from its own offices, has become the leading private sector organization in Belize. Export and investment services continue to be provided to local and foreign investors. The handicraft, ginger, garment, furniture, agro-processing and aquaculture sectors have been identified as

targets for development. BCCI/BEIPU has successfully facilitated the export of peanuts to Barbados. An Export Pilot Credit Scheme has been established with the National Development Foundation of Belize.

An Export Development Advisor funded by the Commonwealth Secretariat is now attached to BCCI/BEIPU. BCCI/BEIPU is the antenna for the Center for Development of Industry (EEC) and Caribbean Export Development Project. The Caribbean Trade Information Services, which will link Belize to CARICOM and the USA, has been installed within BCCI/BEIPU. The Caribbean Association of Industry and Commerce, the Commonwealth Secretariat, and others continue to provide training and technical assistance to BCCI/BEIPU; proposals have also been submitted to other donor agencies.

Relationships with the Government of Belize have improved and BCCI/BEIPU has been instrumental in the enactment of Free Processing Zone and Fiscal Incentives Acts, and is working on such areas as capital markets, export credit insurance and an export development policy through the recently established Export Development Council. BCCI/BEIPU also assisted Government in the preparation of Belize's Five Year Development Plan (1990-95). To date, Government has granted over 210 concessions to Belizean and foreign investors. Joint trade missions have been undertaken and a working group composed of BCCI/BEIPU and five key Government Ministries makes up the Export Product Identification Committee.

An outside evaluation of the private sector component of the Project was conducted in early 1991 under an A.I.D.-financed contract with Devres, Inc. The evaluation concluded that BCCI/BEIPU provided many different services that assist investors, exporters and others, and that it is widely perceived as having become "a dynamic organization capable of representing its member's interests effectively and of successfully promoting Belize's private sector at home and abroad." However, the evaluation also found that BCCI/BEIPU did not have an information system that could identify, verify and monitor its contribution to achievement of Project targets, and, most seriously, that it faced serious problems of sustainability when A.I.D. funds run out. The monitoring of results is being addressed through the installation of a computer system and the incorporation of an investment tracking system.

2. IESC

Under this Project, the IESC component completed 35 technical assistance projects by the end of September 30, 1991. The evaluation found that valuable assistance had been provided to individual firms at low cost to them, but raised questions about overall cost effectiveness in contributing to goals of the Project. Although additional funding from the Project was

provided to IESC over what was originally planned, changes in the funding formula used by IESC headquarters and high fixed costs for the relatively small program in Belize led to a decision to close IESC's Belize office by September 30, 1991. This decision is discussed further in Section B1 below.

B. Need for Amendment

1. Reprogramming

Prior to the integration of BCCI/BEIPU, the organization had been operating at a very low level and had a large pipeline of undisbursed funds under the Project. Planned project funding for BCCI/BEIPU was \$3,260 million of which \$2,945 million had been obligated through FY 1991, with a mortgage balance of \$315,000. IESC, on the other hand, had exhausted its funds in March 1990. To continue the technical assistance program and complement a separate grant to IESC under Project 505-0040, USAID agreed to increase funding under this Project to \$250,000, reducing funds programmed for BCCI/BEIPU by \$50,000.

Early in 1991 a decision was made to modify Project 505-0040, changing the focus from trade investment promotion services to support for the private sector through technical assistance. Project 505-0040 continued to cover the full cost of maintaining an IESC office in Belize, but those funds were quickly becoming exhausted. At the same time, IESC policy worldwide had changed and they were not prepared to fund the operational costs of an office in Belize, and requesting that USAID funding cover all direct costs within the country which were not covered by client contributions.

USAID was already covering all these costs within the program, but had decided not to provide any additional funding to IESC for office costs beyond those already made available under Project 505-0040. After analysis of the projects IESC had under development and funds available under the two projects, it was determined that an additional \$20,000 would permit an orderly conclusion of activity, including completion of pending projects and termination payments by September 1991. This additional \$20,000 was obligated, further reducing the amount available for BCCI/BEIPU. As a consequence, the amount available for BCCI/BEIPU within the current project authorization is \$70,000 less than planned for in the current cooperative agreement with BCCI/BEIPU.

2. BCCI/BEIPU Program

The dynamic expansion of BCCI/BEIPU activity over the past two years has completely reversed the earlier situation in which there was concern over the slow pace of activity and the large pipeline. During 1990, BCCI/BEIPU expenditures were at a rate which would have exhausted project funds well before the July 1993

PACD. Subsequently, at USAID insistence, BCCI/BEIPU has taken steps to hold project expenditures to a rate which evenly distributes the balance of A.I.D. funds over the remaining life of the Project.

Both the evaluation report and BCCI/BEIPU's own Operating Plan for 1991-1995 note the difficulty of financing the "public good" services being provided from private contributions or fees. While the original project design expected the organization to become self-sustaining from fees for services, experience to date, including experience with similar organizations in the region, suggests that this was unrealistic. Unlike some other A.I.D.-supported export and investment promotion entities (e.g., CINDE in Costa Rica), BCCI/BEIPU does not have access to substantial continuing revenue from equity funded from local currency generations.

Although significant measures are being taken to economize, BCCI/BEIPU is reluctant to lose the momentum it has built up. In addition to economy measures, it has stepped up efforts to increase funds available from other sources, including revenues from membership dues and services, as well as possible support from the Government of Belize and other donors. It is also seeking not only the amount already planned in the cooperative agreement, but additional A.I.D. funding during the remaining period of that agreement.

a. Increased Training and Technical Assistance

USAID/Belize's private sector initiative continues to focus on the institutional strengthening of BCCI/BEIPU. The organization's newly developed strategy of identifying firms with export potential and working with them to develop their products and its target marketing approach in investment promotion will require access to both training and technical assistance if the efforts are to be successful. Also, the closure of IESC's operation in Belize will leave a gap in the technical assistance services available. BCCI has proposed a modest increase in funding for training and technical assistance over the amounts available within the current project budget.

b. Handicraft Development

The production of handicraft in Belize, especially in the use of vegetable fibers, has been a traditional activity practiced mainly in the Mayan and Garifuna rural communities. More recently the carving of zericote wood and slate has begun to achieve some prominence in the handicraft sector. This relatively recent addition to the product mix appears to be more successful in the urban areas of the country.

The handicraft industry is, however, poorly organized and in many cases can only be considered pastime activity rather than

productive employment. At the same time, the rapidly growing tourist industry has increased the demand for handicraft products which the country is not organized to produce. The result is that tourist shops are now engaged in massive importation of handicrafts from the Far East and neighboring countries to satisfy the needs of visitors.

Besides the growing tourist market in Belize, there are excellent export prospects for handicrafts. There are frequent serious inquiries for handicraft products, but the absence of a way to consolidate small-scale individual production and lack of market intelligence are serious constraints to developing this potential market.

Another problem facing the handicraft industry in Belize is poor management of raw materials. There is already concern about depletion, but there is no systematic effort to promote conservation or repropagation of indigenous materials. Imported materials also present cost and supply problems.

Belize possesses the indigenous materials and human resources that are necessary for developing a productive handicraft industry which could help a broader base of Belizeans to participate meaningfully in the country's economic growth. The industry presents untapped opportunities for small-scale productive enterprise for people of limited means, including young people with limited avenues for gainful employment. A well developed industry could also enhance the living standards and quality of life of Belizeans in rural areas, especially in villages in and around parks and reserves where the employment opportunities will make it easier to discourage other economic activities which threaten the environment. There is a high concentration of women in the tourism and handicraft industries, so women are especially likely to benefit from development of handicrafts.

USAID has encouraged BCCI/BEIPU in its proposal to develop the handicraft industry both to advance ongoing private sector and export development objectives, and as a way to broaden the benefits from tourism consistent with USAID/Belize's new strategic focus on that sector and on better management of the country's resources.

c. Trade and Policy Analysis

BCCI/BEIPU's stated main objectives are to:

- foster the economic growth and social well being of the nation through the free-enterprise system at all levels, by promoting and protecting both nationally and internationally, commerce, all sectors of industry which includes agri-business, tourism and manufacturing, the professions and the trades; and

- continually strive to enhance the Chamber's ability to better serve its members while operating as a self-sustaining, non-profit, not-political organization.

Through BEIPU, BCCI serves as the liaison between Government and the private sector on export development issues, and has the responsibility for suggesting policy initiatives and action recommendations on export related national concerns. The Chamber sees itself in a leadership role in guiding Government towards the proper economic climate for development of business in the country.

The Chamber, which has been developing the country's export capabilities and facilitating investments while improving the trade environment, hopes to strengthen its capacity to address trade and investment issues from a more global perspective, in line with the move towards regional and hemispheric integration and trade liberalization. The business community and Government need to be sensitized to regional and international developments as they affect the country. As tariffs are reduced and eventually eliminated, Government will need to introduce some elements of tax reform to compensate for import duties on which it heavily relies.

Already, the Chamber has taken significant initiatives in policy dialogue with Government on trade and investment issues. It has actively engaged Government in sponsoring public fora on such issues as the EAI, and Chamber representatives regularly join Government participants in international meetings on trade issues. However, BCCI recognizes that its effectiveness would be increased with the addition of specialized ability to assemble and analyze information in support of positions to be advanced and policy changes needed.

BCCI/BEIPU's interest in trade and tax policies has been encouraged by USAID's policy agenda and strategy, which identified fiscal policies, especially tax policies and policies related to the environment, as its focus for the 1991-1995 Country Development Strategy period. With currently favorable trends in economic indicators and a budget in surplus, the GOB has been reluctant to accept A.I.D.'s offered assistance to examine and improve budget and tax systems. Support for the Chamber's proposal offers one alternative means of pursuing this aspect of USAID's strategy.

II. DESCRIPTION OF NEW PROJECT ACTIVITIES

A. Training and Technical Assistance

BCCI/BEIPU now focuses on a company and product specific approach to export and investment development. Under this Amendment, BCCI/BEIPU will continue to fund training activities that will increase the small export base that is a major constraint in the development of exports. The additional funds for training will support participation in two programs--Junior Achievement (JA) and Entrepreneurs International (EI).

The Junior Achievement program will better prepare students for the difficult transition from formal education to the workforce. The program provides a practical understanding of the domestic and world economies and the role students will be expected to play in these economies. The four major elements of the program are Business Basics, Project Business, Applied Economics and the Junior Achievement Company. These elements introduce students to the economics of free enterprise and the world of business, enriching the participants' experience and enhancing their knowledge and insights into the complexities of organizing and operating their own businesses.

In the pilot stage, six secondary schools will be targetted and during this first phase the program will reach at least 120 students, this number to be augmented as the program is offered to other schools. The Program will be run by BCCI/BEIPU's Business Development Officer with the support of a Peace Corps Volunteer and a JA task force of students, teachers and consultants from the business community. The direct participation of community leaders and successful business persons as consultants will alone have a positive influence on the outlook and vision of young persons as they embark on their careers, join the workforce or become managers of their own businesses. Annex A provides additional details of the planned JA program.

The Entrepreneurs International program provides short-term on-the-job training through visits and brief placements with relevant businesses in the U.S. USAID/Belize and BCCI/BEIPU have had substantial experience with EI and the program is highly regarded. Costs are modest at about US\$3,000 for a two-week program; the participant pays his/her own international travel costs.

In the technical assistance area, BCCI/BEIPU has developed a strategy which puts more emphasis on targeting and assisting firms with export potential. The additional funding for technical assistance will be used to provide direct advisory services to targeted firms. Even though the IESC/Belize office is closed, IESC's services may be tapped to provide the one-on-one training that has already proven useful to private firms in improving their capacity to enter export markets. Other sources may also be tapped.

Outputs

- o A functioning Junior Achievement Program and 120 students better prepared for the business world
- o At least six additional Belizean entrepreneurs benefit from short-term exposure to relevant U.S. business operations
- o At least five additional small businesses with export potential benefit from short-term consultancies

Inputs

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<u>Additional Training and Technical Assistance</u>		
(A.I.D. \$)		
Training		40,000
Junior Achievement Program	20,000	
Entrepreneurs International	20,000	
Technical Assistance		<u>40,000</u>
TOTAL		<u>80,000</u>
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B. Handicraft Development Subproject

Under the proposed Amendment BCCI/BEIPU will establish a Product Marketing Division which will join resources and efforts with the Ministry of Social Services to establish an organization to develop and support the handicraft industry in Belize. The subproject, more fully described in Annex B, will establish a marketing center for handicrafts, address the specific concern of resource management, and help improve business skills and product quality.

In addition to its role as a channel of funding and participant in organizing the market center, a National Handicraft Board, and a business entity to serve the producers, BCCI/BEIPU will undertake initial responsibility for managing the market center as an activity of its Product Marketing Division, under a contract with the Ministry of Social Services. The contractual arrangement, which will become a three-way arrangement when the handicraft producers' organization is formed, will provide for profit-sharing between the managers and the producers, with a portion of the profits retained for further development and expansion of the industry.

The Project will help to facilitate the identification and classification of a wide range of local materials for production of handicrafts. Targeting a few key materials, plans will be developed to improve management and conservation of the resource.

The market center will serve as a commercial outlet for handicraft sales, but will also provide marketing services to producers, and supply tools and materials where current commercial sources are inadequate. Later, additional commercial outlets/depots may be established around the country as conditions and resources permit. In conjunction with the operations of the marketing center, training needs will also be identified and training materials and programs will be developed.

A National Handicraft Board made up of artisans, representatives from NGO's, Government and private enterprises will develop policies and ensure continuity of the Project. Under direction of the Board, a not-for-profit business organization will be established that should become self-sustaining over a very short period. A formula will be negotiated between BCCI/BEIPU and Ministry of Social Services to divide a portion of the net profits from operations between the artisans and BCCI/BEIPU, with the balance retained in a special fund for the further development of the handicraft industry.

Prior to disbursement of funds under this activity, a signed Memorandum of Understanding between BCCI/BEIPU and Ministry of Social Services stipulating the manner in which the Project will be implemented will be forwarded to USAID for its concurrence. During the period of A.I.D. support, the USAID Project Manager will participate as an observer on the National Handicraft Board.

Outputs

- o An effective and sustainable market center for handicrafts in Belize City
- o A National Handicraft Board working in close collaboration with district associations, and a nascent, not-for-profit business organization serving handicraft producers
- o Improved management of at least four indigenous materials used in handicraft production
- o At least 100 artisans/handicraft producers benefit from increased sales due to better market intelligence, cost/price/production efficiency and product quality/design

Inputs

<u>Handicraft Development Subproject</u> (A.I.D. \$)	
Personnel ^{1/}	30,500.00
Equipment (Computer hardware/software)	4,500.00
Training Materials	4,000.00
Tools & Materials (initial inventory)	10,000.00
Catalog Development	4,000.00
Technical Assistance	27,000.00
Local Travel	2,000.00
Marketing/Overseas Travel ^{2/}	8,000.00
TOTAL	90,000.00

^{1/} First year salaries: Marketing & Operations Manager, \$16,500; Accounting/Purchasing, \$9,000; Merchandizing/Packing and Shipping, \$5,000. Remuneration will also include commission or profit-sharing incentives.

^{2/} Including attendance at two handicraft shows/conferences overseas

The Project Amendment will provide a grant of US\$90,000 for the Handicraft Development subproject channelled through BCCI/BEIPU. Long-term technical assistance will be provided by the Commonwealth Secretariat through the BCCI. The Ministry of Social Services will provide US\$75,000 (Bz\$150,000) from GOB owned local currency generated from earlier Economic Support Fund cash transfers, and will provide the existing Cottage Industry Building on Albert Street for the Handicraft Project under normal leasehold arrangements for a period of 5 years with an option to renew for another 5 years. Other inputs will include volunteer services on the Board and training activities.

C. Trade and Policy Analysis

As described in its August 1991 proposal (Annex C), BCCI/BEIPU will enhance its research and analytical skills by adding staff trained in economics and information technology. The proposed Trade and Policy Development unit will be a department of the Chamber and will report to the BEIPU Promotion Committee.

The Unit will prepare technical papers for both public and private sector consumption aimed at educating and providing stimulus to improve the policy environment. These papers will be based on analysis by the Unit and discussions with key players in Belize. The Unit will also arrange joint public/private sector seminars, workshops and conferences to educate policy makers and the public on trade policy issues.

Based on its analysis of the trade and investment policy climate, the Unit will offer technical assistance to Government and propose meaningful reforms to remove impediments to trade and investment. It will continuously assess the impact of the Enterprise for the Americas Initiative and related Free Trade Agreements on the different sectors in the Belizean economy and suggest policy initiatives and strategy options to meet anticipated developments.

The Unit will develop an information system which will provide current and meaningful data on trade and investment, and identify, collect and catalog relevant documentation. It will prepare information briefs and projections under different trading and economic scenarios.

To sustain its continued implementation of trade and policy development activity, the Chamber will attempt to establish an endowment supported by local and international businesses operating in Belize. BCCI/BEIPU will also explore the possibility of support for this concept from the Government and from other donor agencies. This endowment concept is new and there is no positive indication whether it is likely to successfully elicit significant funding.

To supplement its own staff efforts, BCCI/BEIPU will also establish a think tank with private and public sector representatives to deal with issues affecting trade and investment.

Outputs

- o Technical papers and public fora on trade policy issues
- o Technical advice and proposals to Government for policy reforms to improve the trade and investment climate and policy initiatives and strategies to respond to EAI developments
- o A trade policy information base

While not a firm output of the Project, an effort will also be mounted to establish a think tank supported by staff and endowment funds for sustained trade policy analysis.

Inputs

=====

Trade and Policy Analysis Unit

(A.I.D. \$)

Personnel 1/	85,000
Equipment & Supplies 2/	35,000
Travel 3/	10,000
Short-term T/A 4/	25,000
Training 5/	<u>5,000</u>
Total	160,000

1/ 18 months salaries: Policy & Trade Economist/Analysist
and Trade Information Specialist

2/ One vehicle, computer hardware & software and materials
and supplies

3/ In-country and three international trips for regional
consultations and attendance at trade shows/conferences

4/ Three buy-ins/consultancies on Trade & Policy Analysis

5/ One 2-week course for Trade Economist and Trade Specialist

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III. COST ESTIMATE AND FINANCIAL PLAN

A. Amendment Increase

The estimated additional cost to USAID for this Amendment totals \$400,000, including \$70,000 to offset funding provided to IESC from amounts previously programmed for BCCI/BEIPU and \$330,000 for additional activities proposed by BCCI/BEIPU. Host country contributions for the additional activities are estimated at \$350,000. Table 1 provides a breakdown of these additional costs.

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TABLE 1 - Estimated Cost and Financial Plan (Amendment)
(US\$000)

	<u>USAID</u>	<u>Private Sector</u>	<u>GOB ESF(LC)</u>	<u>Other</u>	<u>Total</u>
Reprogramming	70				70
New Activities					
Training & TA	80	15			95
Policy Analysis	160	60			220
Handicrafts	<u>90</u>	<u>200</u>	<u>75</u>	<u>25</u>	<u>390</u>
Sub-Total	330	275	75	25	705
Totals	<u>400</u>	<u>275</u>	<u>75</u>	<u>25</u>	<u>775</u>

=====

An amendment of the authorization will permit full funding of the LOP amount already contemplated in the cooperative agreement with BCCI. The additional funding for new activities will also be provided to BCCI/BEIPU through an amendment of its existing cooperative agreement, increasing the planned LOP amount of the agreement by \$330,000.

B. Revised Life of Project Budget

With the increased funding, the new LOP budget for the cooperative agreement with BCCI/BEIPU would total \$3,590,000 in A.I.D. funds. Of this amount, \$562,000 relates to USAID administered costs and \$3,028,000 to BCCI/BEIPU costs. Table 2 is a revised LOP Cost Estimate and Financial Plan.

TABLE 2 - Revised LOP Cost Estimate and Financial Plan - BCCI/BEIPU
(\\$000)

Line Item	A.I.D.		Total	Non-AID LC	Total
	FX	LC*			
<u>Operations</u>					
Personnel		1,048	1,048	80	1,128
Equipment and Supplies	167	75	242	30	272
Logistical Support		275	275	260	535
Vehicle	17	0	17		17
Travel	22	15	37	550	587
Audit		26	26		26
Office Space		61	61	100	161
<u>Institutional Strengthening</u>					
Short-term TA	93	20	113	150	263
<u>Program</u>					
Short-term TA	132	35	167	300	467
Investor Search	17		17	200	217
<u>Training of BEIPU</u>					
Clients	98	25	123	200	323
Promotion	506	56	562	65	627
Credit Program		100	100		100
Handicraft		90	90	300	390
Sub-total	1,052	1,826	2,878	2,235	5,113
<u>Contingency/</u>					
Inflation	93	57	150	150	300
SUBTOTALS BCCI/BEIPU	1,145	1,883	3,028	2,385	5,413
<u>USAID Controlled</u>					
Tourism Promotion	50		50	50	100
Project Management	25	170	195		195
Evaluation	51	24	75	25	100
Long-term TA	146	74	220	75	295
Miscellaneous	22		22		22
SUBTOTALS USAID	294	268	562	150	712
TOTALS	1,439	2,151	3,590	2,535	6,125
	=====	=====	=====	=====	=====

*Estimated local currency costs to be financed from A.I.D. dollar funds.

TABLE 3 - Projected Expenditures by Year (1991-1993) - BCCI/BEIPU
(All sources of funds)

<u>Line Item</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
OPERATION				
Personnel		226	275	264
Equipment & Supplies		43	63	49
Logistical Support		24	24	27
Vehicle		0	0	0
Travel		39	47	49
Audit		5	5	6
Office Space		0	0	0
INSTITUTIONAL STRENGTHENING				
Short-term T/A		20	22	14
PROGRAM				
Short-term T/A		25	52	44
Investor Search		12	8	4
Client Training		38	60	65
Promotion		130	131	135
Handicraft		<u>25</u>	<u>65</u>	<u>0</u>
		587	750	663
OTHER				
Pension & Medical Plan		0	30	30
Building Maintenance		2	2	2
Depreciation		23	23	24
Interest Expense		9	7	7
Misc. & AGM		<u>7</u>	<u>7</u>	<u>8</u>
		41	69	71
TOTALS	<u>790</u>	<u>628</u>	<u>819</u>	<u>734</u>
of which, USAID:	<u>582</u>	<u>545</u>	<u>692</u>	<u>380</u>

(does not include USAID-controlled expenditures)

IV. IMPLEMENTATION PLAN AND SCHEDULE

Implementation of the activities covered by this Amendment will be the responsibility of BCCI/BEIPU. Implementation of the two new activities will begin as soon as possible after Amendment of the Cooperative Agreement, in order to be completed by termination date which remains July 23, 1993. The proposed schedule of key events follows.

<u>Date</u>	<u>Activity</u>	<u>Resp. Entity</u>
<u>1991</u>		
November 5	Project Amendment completed	USAID
	PIO/T for C.A. Amendment to RCO	USAID
November 15	C.A. with BCCI signed	USAID/BCCI
November 15	Memorandum of understanding signed (Handicraft Project)	BCCI/MSS
<u>1992</u>		
January	Staff recruited for Handicraft Project and Trade Policy Unit	BCCI
	Equipment ordered	BCCI/USAID
	Think tank candidates appointed	BCCI
February	Handicraft Project commences	BCCI/MSS
	Policy Analysis Unit operational	BCCI

V. INSTITUTIONAL ANALYSIS - SUSTAINABILITY

BCCI/BEIPU has become the leading private sector organization in Belize, representing a cross-section of the business community with a membership of over 300. Its dynamism has influenced policy changes, the macro-economic planning process and legislation reflecting the interests of its members. The organization has shifted from a scattered shot approach in promotion of export and investments to a focus on targetted products, services and investments to achieve the objectives of the Project and the social and economic development of the country. In the export area, target products include non-traditional crops such as mangoes, papayas, pineapples, and other products such as dehydrated fruits, preserves, ginger and cashews. Data processing and wood-based products are other target areas of the strategic development plan of BCCI/BEIPU. In investment, the approach targets companies with interest in these export products with inbound and outbound trade and investment missions and attendance at specific trade shows and conferences.

BCCI/BEIPU has become more prominent as it has become more involved with international organizations in trade and investment activities. BCCI/BEIPU is the antenna for the Center for Development of Industry (EEC/ACP) and Caribbean Export Development Project (CARICOM). Membership in the Caribbean Association of Industry and Commerce (CAIC), pending membership in the Federation of Private Sector Organizations of Central America and Panama (FEDEPRICAP) and active participation with Government in CARICOM matters also continue to strengthen the organization.

One result of this strengthening will be consolidation of BCCI/BEIPU as an indispensable private sector organization and one that is consistent with the GOB policy of private and public sector partnership. Lobbying efforts of BCCI/BEIPU for Government's financial contribution to those "public good" services provided by BCCI/BEIPU have been encouraging. The organization has also undertaken other serious income-generating activities such as the Diversified Business Consultancy Division to achieve sustainability after the PACD in July 1993. Recent discussions with World Bank representatives have also been encouraging for BCCI/BEIPU, and ways are being explored for its participation in the World Bank's new Private Sector Development Project for Belize.

The sustainability of BCCI/BEIPU after the PACD was a relevant issue during project design and is still a major concern as these new activities are added to its portfolio.

The additional funding for training and technical assistance will expand or prolong activities currently supported. The Junior Achievement program will have to mobilize local support to be sustainable, but the costs are well within the capability of local

businesses to support. Training through Entrepreneurs International and short-term technical assistance to local firms will most likely be greatly curtailed without A.I.D. funds, but this will not affect BCCI/BEIPU sustainability.

The two major elements of this Amendment, namely, the handicraft subproject and Trade and Policy Analysis Unit, do not seek to solve all the constraints in these areas nor will they directly improve and enhance the sustainability of BCCI/BEIPU. The Project Amendment will help to give a new beginning to a disorganized handicraft industry and will plant a seed of analytical capacity in the trade and policy area which is currently lacking in Belize.

The handicraft activity should generate sufficient revenue to support continued operations after the PACD. The financial analysis presented in the BCCI/BEIPU proposal projects a profit by year four, with the modest operating deficits in years two and three covered by the reserves which can be generated in the first year with the requested grant support of initial operations.

Arrangements to tie employee compensation to the performance of the business and to share profits between managers (initially the BCCI/BEIPU Marketing Division) and producers are intended to create incentives for everyone to aggressively pursue the success of the handicraft industry. BCCI/BEIPU's sustainability will not be materially improved by its involvement in this Project, as the surplus generated in the first few years is likely to be minimal. However, a successful effort will enhance BCCI/BEIPU's image and membership base.

The sustainability of the handicraft organization to be established as an outcome of the subproject is a separate issue. As in any business venture, there is no guarantee that the handicraft business entity will be successful. However, there is evidence of a substantial potential market and of need for some such organization to help the many small individual producers tap that market. As the handicraft organization gradually grows and gains experience, the prospects for a solid, service-oriented organization capable of coordinating sales, distribution and training in a way that is financially viable should be good.

Even if the handicraft marketing organization ultimately is not profitable, there will still be some long-term benefits from the project investment in improvements in the management of resources and in the business and production skills of the handicraft producers.

The Trade and Policy Analysis Unit will not generate revenues, nor is there any immediate evidence that private or governmental support will be forthcoming. However, the departmental structure of the organization and the contracting of personnel for specific periods gives the organization the flexibility to drop this

activity after the Project period without serious repercussions to the employees or to the organization. This activity gives much more scope to BCCI/BEIPU, and as the capacity is developed within the organization and the impact of its effectiveness is felt, more direct private and public sector participation is expected.

BCCI/BEIPU has explored and will continue to explore all avenues to maintain the level of operations now supported by A.I.D. One new idea being considered is to seek funds from local businesses and international agencies to create an endowment. BCCI/BEIPU is attracted by the concept of an endowment that would provide broad support for "public good" activities--such as is used elsewhere, in some cases funded with A.I.D.-generated local currencies. However, the concept is new to Belize and there are no ready sources from donor activities. The Trade and Policy Analysis function may provide an attractive initial focus for this effort to mobilize contributions from the private sector.

In the final analysis, even if the Trade and Policy Analysis Unit cannot be sustained after the 18-month period of A.I.D. support, the policy analysis, dialogue, and trade information that will have been realized will have impact on the investment climate in Belize to justify A.I.D.'s investment. It will also have helped to demonstrate the utility and importance of this kind of capacity and provided an experience base, improving the prospect that some agency, private or public, will emerge to take on the task.

September 26, 1991

ORGANIZATIONAL PLAN FOR THE BELIZE JA PROGRAM

I. OVERVIEW

A. PURPOSE STATEMENT

TO PROVIDE YOUNG PEOPLE WITH PRACTICAL ECONOMIC/BUSINESS EDUCATION PROGRAMS, AND EXPERIENCES IN THE COMPETITIVE PRIVATE ENTERPRISE SYSTEM, THROUGH A PARTNERSHIP WITH THE BUSINESS AND EDUCATION COMMUNITIES.

B. FACTS

Oldest, largest and fastest growing business and economic not-for-profit education organization in the world. Worldwide, JA reaches some 1.2 million students. 100,000 volunteers contribute more than 780,000 hours to JA each year.

The Belize JA is a start-up project expected to operate in Belize City initially. The long term goal is to expand each year into the other districts and eventually make this a National Program in 5-7 years time. .

(See Exhibits #1 & 2 for JA History and description of the basic programs)

C. CRITICAL SUCCESS FACTORS

- * Sustainability after the two year initial funding
- * Active involvement of Belizean business community (#, \$)
- * Set reasonable/achievable goals - in terms of # participants
- * Willingness of youth to actively participate (schools, groups)
- * Adequate advisory support from Executive Committee & Chamber

D. BENEFITS

COMMITTEE MEMBER & DONOR:

It is clear than Belize has a burgeoning youth problem. Thousands of young people are thrust into a labor market with little in the way of education and skills which would qualify them for the limited employment opportunities available. There are no quick fixes to the problems. But JA knows from experience what can help to solve them. By bringing a business person into the

classroom, today's students can learn through someone who can relate economic theory to their lives, who cares enough to listen to them, and who can provide a real life example of how obstacles can be overcome and success achieved. Few can disagree that Belize's economic survival depends on the ability to prepare tomorrow's work force for the challenges ahead.

CONSULTANTS:

- Education of future employees
- Enhanced Community Image
- Management Development
- Improved Economic Literacy
- Personal Growth
- Exposure within the firm

Some practical reasons for volunteering are that by preparing the youth for the work force, their businesses will have a better pool from which to hire new employees in the future. And better employees are often better citizens. Consultants are better preparing themselves for their future job responsibilities. Volunteers learn how to think on their feet, and how to lead and work with people. They also have a chance to polish their presentation skills and get to know their future customers and employees better. Some even admit to learning more about economics. They help the students learn from experience. The consultants become positive role models. Some are rejuvenated by the student's enthusiasm and other want to give something back to their communities.

STUDENTS:

- Possibilities include scholarships to UCB, and other training courses at BIM, NDF/B, etc.,
- Opportunity to assume leadership roles,
- Opportunity to observe role models in business - learn how it works,
- Opportunity for career exploration - job contacts,
- Provide job experience,
- Meet new people.

SCHOOLS:

Through this partnership between teachers and volunteer consultants, teachers gain insight into what their students need to learn in order to succeed in the work force. It provides a valuable opportunity for them to work with business volunteers and gain a better appreciation for the skills their students need to learn. JA is giving more than just lip service to the problems in schools. JA is willing to listen to educators and work to formulate innovative designs - to aid young people in becoming the

best citizens of the future.
Opportunity for students to learn about business
Scholarship opportunities
Publicity in the community

II. ACTION REQUIRED

A. Task Committee:

The first order of business is to reform the Task Committee. Past members Manuel Cuellar and Lynda Moguel have agreed to be on the board again. Other members will include one business person and teacher to be recruited. Also, the Chamber will have a person sitting on the committee. Hopefully, the Vocational Unit will provide someone for the board which will bring the total up to 7 members including myself. The old members will need to review the challenges and the lessons learned. After the initial pilot phase the task committee will turn into the Executive Committee.

Another option would be to increase the task committee up to 12 members. The other three committees would then consist of three to four people from within the task committee.

Some issues that need to be dealt with first are:

1. How to Belizeanize the JA materials, who & how will this be done, should it be done as we go along in this pilot phase and then revamp it for next year?

2. What programs will be used? Will it all be in-class. Will JA initially be open to non-school groups - like Girl Guides, other youth groups? What about success now - and the Economics of Staying in School - two new programs targeting at-risk students?

Recommendations have been made from past committee and JA consultant, Sam Taylor to initially offer the program to high school students in order to most effectively generate the encouragement of young people to consider self employment. Further recommendations include coupling the Business Basics program with the JA Company.

An option after the first semester of the pilot program would be to try an after-class/evening program for youths not in school. Collaboration with several youth groups would be vital. Could work with Pregnant Teens, YES - other various groups.

The time table for this is September depending on when we receive funding. The best case scenario would allow the first meeting to take place the end of September after the celebrations.

Seven member committee

Manuel Cuellar - ndf/b
Lynda Moguel - Curriculum Development Unit
Chamber person
(me)
Business representative
Vocational person - Mr. Purdomo
Teacher/principal

Twelve member committee

Manuel Cuellar - ndf/b
Lynda Moguel - Curriculum Development Unit
Chamber person
(me)
2 Business representatives
Vocational person
Teacher/principal
BTIA
UCB
Youth Group Representative
Rotary/JC

B. Other Committees

Finance, Curriculum, Marketing/Recruiting

One Executive committee member will serve on each of the three committees along with 2-4 others. Other potential members or sources for members are listed below:

UCB - Ann Elrington
Arsenio Burgos - cisco construction
BIM
BTIA -
Rotary
JC's
Youth Groups
YWCA/YMCA
4-H, Girl Guides, Boy Scouts
Chamber & NDF/B Members
Business Teachers
Participating School Representatives

Another option would be to divide the 12 member committee into the three subcommittees.

C. JA International

The next order of business should be to re-establish a membership with JA International. I faxed a letter to Sam Taylor, the JA Managing Director of International Operations. Mr. Taylor performed the initial feasibility study in 1989. Not only has he

visited here many times but he is a former PCV. In his reply he indicated that not much can be done on their part till they receive the \$1000 US registration fee. He is also willing to send someone down to train the business leaders and/or teachers if we cover the cost. He suggested starting at St. Johns to get a quick success. He was most cooperative and supportive. However, he thought that I and other PCV's should be leading the first classes which I disagree with.

Recently found in the Chamber library was approximately \$400 US worth of JA Materials. It is believed that the materials were donated by JA since no record of payment has been found. Basically there are materials from each of the 4 basic programs.

(See Exhibit # 4 for detailed inventory)

D. Consultants:

Potential consultants can be identified from the same list as for the three other committees. The Task Committee Members will play a key role in helping Cathy recruit from the business community. This may prove to be one of the most difficult aspects of the pilot program. It will be better to have fewer consultants but good ones who will show up and actively participate.

E. Schools

After funding has been secured we should then move on to recruiting of schools. Last year six schools had been identified as willing to participate ?? They are:

Anglican Cathedral College
Wesley College
BJSS#2
BTC
SJC
VoTech

The Task Committee needs to explore the level of the school's interest and recruit additional schools if needed. After this step, classes that will be participate should be identified and teacher orientations delivered.

Another point mentioned by Pedro Perez is more women involvement in the project. Perhaps, St. Catherine's should be approached and an effort to include businesswomen as consultants.

F. Training

Orientation for consultants is approximately one full day which can be divided up into half day or evening sessions. It should be done about 3 weeks before the project start up. It is

important to get Belizeans to help in this training in the future. Perhaps, trainers from BIM or NDF/B could be utilized. Initially, I recommend that a JA person be sent down to assist in the training. In addition, there should be a teacher/school orientation prior to the start up.

(See Exhibit # 3 for a detailed Time Line for the preceding goals)

III. ORGANIZATION

Responsibilities:

Task Force Members:

Recruit Advisers, Achievers, and sponsoring firms,
Review of the budget,
Maintenance of school and firm relations,
Publicity of program,
Establishment of growth plans,
Monitoring of companies,
Orientation of advisors.

Education Committee:

Decide when & which schools should be approached,
Belizeanizing JA materials,
Devise tactics to solve marketing problems with particular schools/businesses.

Secure school commitments
Prepare and Support Volunteers to meet program requirements
Conduct orientation for teachers and consultants
Monitor classes to ensure compliance to model

Finance Committee:

Devising strategy for survival of project after 2 yrs,
Implementation of a fund-raising plan to support program,
Developing the Areas long range business marketing plans,
Supervision of budgetary controls.

Prepare and manage programs budget as directed

Marketing/Recruiting Committee:

Identify businessmen who will want to teach or support this program,
Develop appropriate training workshops for teachers and consultants,
Devise tactics to solve marketing problems with particular

firms.

Prepare newsletters
Promote programs in area
Sell class sponsorships

PCV/BCCI COUNTERPART:

Attend and participate in consultant training.
Open and close the facility and maintain its general
conduction,
Ensure that all advisers and students have a positive
educational experience,
Distribute and collect materials and information.
Answer all questions on general program operations,
Audit and report project statistics,
Act a liaison to all visitors.

B. STRENGTH & WEAKNESS

STRENGTH

working with proven project
tried internationally
strong organizational support -btia, bcci, ndf/b
youth development is a critical issue

WEAKNESS

start up program
working with unknown - students/volunteer/donor response
must work slowly - to insure life of project

(See Exhibit # 5 for proposed organizational structure)

IV. BUDGET CONCERNS

After securing the funding, whatever amount, the next step is to rework the figures with task committee review and more current prices. The next is to guesstimate the amount of incoming funds from donations, fund raising, dues, and other outside grants to be developed with by the finance committee. Along with this is the need to generate a sustainability plan for the JA program after the initial 2 year funding.

Another issue is the desire on behalf of the Chamber to a lot part of the budget for the salary of a part-time worker. Would this person be assigned primarily to JA or would it one responsibility of many? Is this a secretarial position or would it be filled by the person the Chamber is hiring to be Cathy's counterpart?

(See Exhibit # 6 for proposed budget)

1. INTRODUCTION

Junior Achievement (JA) is a nonprofit organization financed by over 100,000 businesses, foundations and individuals in the United States of America. Since its inception in 1919, the program has contributed to the economic and business education of young people throughout the United States and other countries.

The main objective of the program is to better prepare students for their education and career objectives. The program provides a practical understanding of the domestic and world economy, and the role the students are expected to play in these economies. They are exposed to how a business is started and operated and are encouraged to develop entrepreneurial qualities and skills that can contribute to success in life. Experience has shown that with this practical enrichment of the normal formal education, a significant number of persons who as a result of participating in these programs, go on to form their own business and become successful business persons, or where they take up employment in the private or public sectors, they have much better work ethics and are assimilated into the system much quicker than normal.

Over the years, JA has been able to develop practical instructional materials, which have been field tested in classrooms and updated annually in response to teachers, students and consultants. These materials can be made available to anyone that becomes affiliated to JA. The program consists of four elements and are outlined below:

i) BUSINESS BASICS

This is an in-school introduction to the economics of free enterprise and the world of business for Standard II to IV students. Persons trained by JA present this four-part program, which introduces students to the steps it takes to organize a business, make management decisions, manufacture a product and market it. The persons leading the discussions with the students can be volunteer business persons or students in the JA high school program.

ii) PROJECT BUSINESS

This is an in-school supplemental business and economics education program for Standard V to VI students. Twelve to fifteen weekly lessons developed by JA are presented by a volunteer business consultant, who provides role model for students and enriches the lesson with his/her own experience showing how economic principles affect day-to-day operation of businesses.

iii) APPLIED ECONOMICS

This is an in-school one term course introducing economics to high school students. Students use a text book, a study guide and computer software developed and produced by JA. Theoretical learning is enhanced by the experience of organizing and operating a "student company," a computer management and economics simulation and by weekly visits from a business consultant.

IV) JUNIOR ACHIEVEMENT COMPANY

This is an extracurricular program for high school/college students who gain practical business experience and insights into the complexities of economics by actually organizing and operating their own business. The business could provide a service or produce a product. Management-consulting assistance is provided by volunteer advisors from local businesses.

Exhibit # 2

SUCCESS NOW

Success Now is a new and innovative economic education program for at-risk students. It assists students in preparing for the transition from public education to the work force.

Creating and operating a student company is the first of three phases in the program. After learning what it takes to produce, market and sell a product, the students explore the employment opportunities in their own communities. The final stage in the program links students with local business men and women who provide mentoring and summer internships. The flexibility of the program can allow us to use all three phases or work in partnership with other local organizations.

- I. Company Experience
- II. Industry/Career Research
- III. Summer Employment/Mentoring

Success Now can be adapted to a variety of student needs and learning environments. The program has been piloted in rural high schools, a vocational center and a program for welfare mothers whose children attend an on-site day care center. Perhaps those who have gone through JA Company will have an advantage into already established internship programs here in Belize.

THE ECONOMICS OF STAYING IN SCHOOL

The Economics of Staying in School is a series of four lessons designed to examine why students drop out of school and to explore the personal and societal impact of dropping out. Each lesson is led by a business volunteer who can add personal experiences to the activities. The program was design as a supplement to the Project Business curriculum.. but it has been highly successful as a stand-alone program in schools with high dropout rates.

Exhibit # 3

TIME LINE

September Month 1

No further steps are recommended until funding is secure.

Reform Task Committee, meet with other groups & organizations to orientate, no schools, etc till funding secure
Secure Funding - end of September -
Pay Registration fee \$1000 us asap
Task Meeting - end September (each month)

October Month 2

Form Other Committees - October - first meetings end of October
School recruitment & orientation sessions - 1st 2 weeks of October
Advisor recruitment - October & First half of November
Send training notices
Second Task meeting - mid october
Thankyou's to committee members/schools

November Month 3

Begin promotion campaign
Achiever (student) recruitment - November - after - order materials
Third Task Committee Meeting - mid Nov & Dec ...

December Month 4

Continue communication with consultants, students, and teachers
Xmas get together
Product Orientation for JA (1 day)
Training - after Cerr trip to US - training first 2 wks of December

January Month 5

Program start up

February - June Months 6-10

Program Monitoring
Weekly statistics/reports by consultants
Weekly/Bi-monthly newsletters by me
Planning for upcoming year by committees

February

JA Month - promotion

April/May

Trade Fair at Ag Show in Belmopan
Plan Banquet

June - end of school yr

Recognition/Awards Banquet
Program Review
End of Fiscal Year wrap up

235

JA MATERIALS INVENTORY

JA COMPANY

OPERATION PROGRAM MANUAL			2	
COMPANY MANUAL	S110	1.3	38	49.4
ADVISOR MANUAL	S127	5.4	7	37.8
SALES ORDER BOOKS	S213	0.6	25	15
COUNSELING FIRM DIRECTORY	B290	3	1	3
STOCK CERTIFICATES	S260	3.28	1	3.28
ADVISOR ENVELOPE			2	
OFFICER TRAINING PACKET			2	
JA MARKET GAME			2	
VP PRODUCTION			2	
VP PERSONNEL/SECRETARY			2	
VP MKTING			2	
VP FINANCE			2	
PRESIDENT			2	

108.48

STUDY GUIDE	AE40-2SG	2.12	2	4.24
CONSULTANT GUIDE	AE40-2CG	13.15	1	13.15
PROGRAM GUIDE				
3 VIDEOS		25.75	3	77.25
INTERNATIONAL TRADE			1	

94.64

STUDENT MANUAL	P40	1.32	1	1.32
CONSULTANT MANUAL	P292	23.49	2	46.98
ECONOMICS OF STAYING IN SCHOOL	P700	15	1	15
NINTH-GRADE ECONOMICS	150	10	2	20
PROMO VIDEO	P960A	25.75	1	25.75

109.05

CONSULTANT MANUAL	BB101	5.05	4	20.2
PROMO VIDEO	BB201	25.75	1	25.75
PROGRAM KIT	BB100	35.02	1	35.02

5 2 10

90.97

TOTAL

403.14

31

Exhibit # 5

JA PROPOSED ORGANIZATIONAL CHART

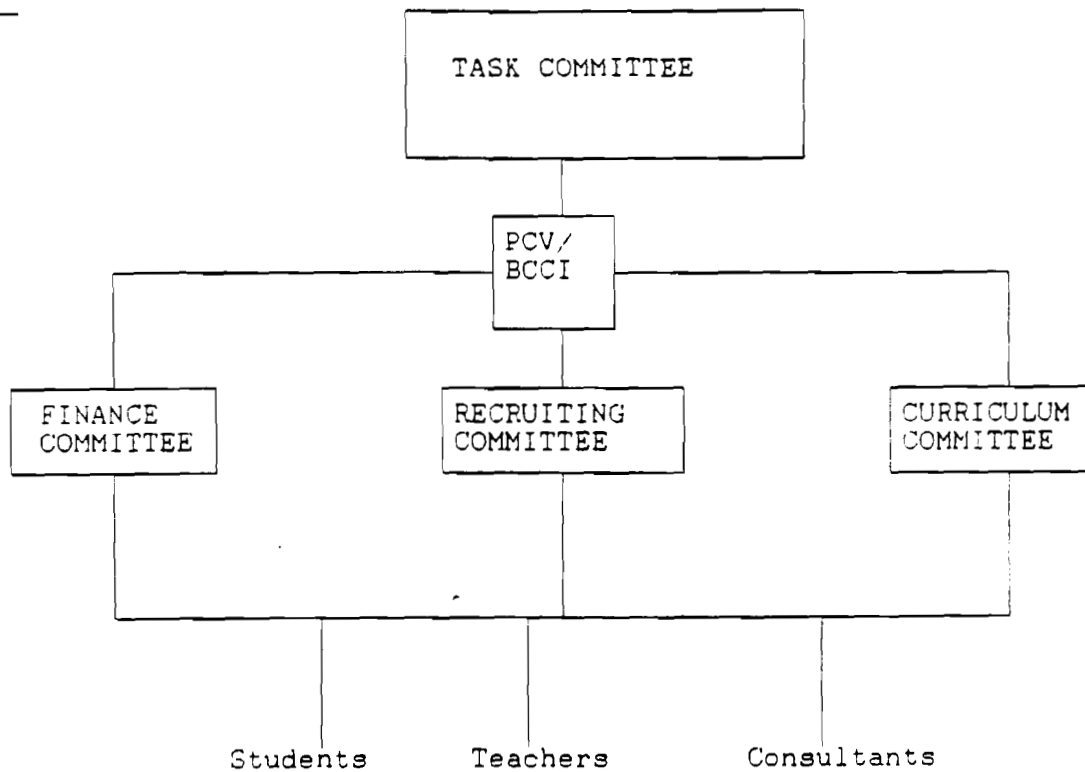


Exhibit # 6

1991-92 JA PROPOSED BUDGET (September - June 30)

TRAINING

	#	@		
KITS FOR CONSULTANTS	15	40	\$600	
1 KIT FOR STUDENTS (23)	6	150	\$900	
KITS FOR TEACHERS	8	30	\$240	
WORKSHOPS				
CONSULTANTS	3	150	\$450	
TEACHERS/SCHOOLS	2	75	\$150	
			-----	2340

ADMINISTRATIVE

PHONE	\$1,000	
FEE REGISTRATION	\$2,000	
STATIONERIES/AWARDS	\$1,000	
CONSULTANT TRIP FROM US	\$2,500	
AWARD DINNER - EVERYONE	\$1,000	
JA CONVENTION (2)	2600	
TRAVEL EXPENSES FOR VOLUNTEERS	1000	
SHIPPING	500	
	-----	7600

ADVERTISING

PROMO	\$1,500	
PROMO MATERIALS	\$1,500	
	-----	3000

MISCELLANEOUS

\$500	
-----	500

TOTAL

\$13,440

1992-1993 PROPOSED BUDGET (July 1 through June 30)

TRAINING

	#	@		
KITS FOR CONSULTANTS	35	40	\$1,400	
PROGRAM KITS FOR STUDENTS	15	150	\$2,250	
KITS FOR TEACHERS	16	30	\$480	
WORKSHOPS				
CONSULTANTS	5	150	\$750	
TEACHERS/SCHOOLS	4	75	\$300	
			-----	5180

ADMINISTRATIVE			
PHONE		\$1,000	
FEE REGISTRATION		\$2,000	
STATIONERIES/AWARDS		\$2,000	
AWARD DINNER - EVERYONE		\$1,500	
JA CONVENTION (3)		\$3,700	
CONSULTANT FROM US		\$2,500	
TRAVEL TO DISTRICTS	26	25	\$650
TRAVEL EXPENSES FOR VOLUNTEERS		\$2,000	
		-----	15550
ADVERTISING			
PROMO		\$3,000	
PROMO MATERIALS		\$3,000	
		-----	6000
MISCELLANEOUS			
		\$500	
		-----	500
TOTAL			-----
			\$27,230
GRAND TOTAL			-----

			\$40,670

** NO FIGURES FOR MONIES DONATED OR FUNDRAISERS WERE INCLUDED

HANDICRAFT DEVELOPMENT PROJECT

Project Analysis

1. Background and Rationale

Tourism is the second most important sector in Belize's economy and has been experiencing rapid growth. The number of arrivals by air more than doubled between 1985 and 1989, and growth continues both in the number of tourists and the amount each tourist spends in Belize. The private sector has responded to this growth with substantial investment in new hotels and transport services. The more than 66,000 tourists arriving by air in 1989 represent a multi-million dollar market for local handicraft products even at modest average individual expenditures.

The opportunity of this growing market for handicrafts is further enhanced by emphasis in Belize on ecotourism, the country's rich ethnic and cultural mosaic, and its abundance of indigenous vegetable fibers and other natural materials which could be converted into marketable products. The ecotourism focus is important because one can expect tourists who value the country's natural and cultural attractions to also value authentic local products as souvenirs.

The handicraft industry, being labor intensive and amenable to small-scale operations, also presents an opportunity for social benefits. It can extend the economic benefits of tourism growth to a broader range of Belizeans with limited means, as well as enhance the preservation of local traditions and culture. Women, in particular, are well represented in the handicraft industry and could benefit by its growth.

In addition to the growing tourist market in Belize, there is evidence of a significant potential export market. Individual Belizean artisans have already successfully marketed their products in nearby Cancun, Mexico, and serious interest in importing Belizean crafts has been expressed from such destinations as Florida and St. Kitts.

Despite individual successes and past efforts by Government--e.g., the Cottage Industry program of the Ministry of Social Services (MSS)--and local non-governmental organizations (NGOs) such as the Belize Rural Women's Association, the handicraft industry in Belize has as yet failed to respond to the opportunities presented. The bulk of the products currently available for sale to tourists in the hotels and crafts shops are imported from the Far East as well as from neighboring countries.

An assessment of the handicraft industry in 1990 identified a number of problems and provided a series of recommendations for development of the industry (Brown, 1990).

2. Constraints

Among the problems of the handicraft industry in Belize identified in the 1990 assessment, marketing was identified as the most outstanding. The assessment did not imply that markets are not available. To the contrary, it noted an increase of imports from Asian countries, related to the growth of tourism. "...the lack of a suitable commercial outlet and...effective institutional support" were cited as major factors prohibiting the growth of the sector.

Other problems were identified, including materials, quality control, costing and pricing and transportation.

a. Marketing

In the survey, 94.7% of the handicraft producers interviewed expressed difficulty disposing of their goods, while 75% of the crafts sold locally are imported. The 5.3% who did not have a marketing problem were finding both regional and extra-regional markets. They displayed an aggressive marketing disposition, an ingredient made even more essential by the lack of organized institutional support. The majority of the producers clearly could benefit from organized assistance to develop and supplement their entrepreneurial skills.

The more typical marketing effort described in the assessment involved long trips by individuals to a commercial center, with no idea of what the markets want and no filled orders, just a day of peddling with little financial return.

b. Materials

The assessment noted that Belize's forests could provide an abundant and wide variety of vegetable fibers and other handicraft materials, while prefabricated vegetable materials are currently being imported. The sea also could be a source of handicraft materials, with proper attention to environmental safeguards.

Despite the relatively large area of undisturbed forest remaining in Belize, the study noted that purchase of local raw materials is rapidly becoming a major problem. The natural vegetable fibers are a renewable resource, but without conservation and an aggressive propagation and replanting program, it will not keep pace with demand. This is particularly urgent for such important, slow growing materials as zericote wood. For mineral materials such as clay, sand, slate, etc., which are not renewable, proper management and conservation is even more critical.

An awareness of environment and conservation concerns is particularly important for the Belizean handicraft industry, not only to ensure the sustainability of its supply of raw materials, but also because of the nature of the country's tourist market. Ecotourists are likely to respond to authentic local products, but

react negatively if these products show lack of environmental concern, for example, items derived from threatened or endangered species.

In addition to supply problems related to depletion of the resources, the study noted problems related to poor quality and low volumes, suggesting the need for better management throughout the harvesting, storage and supply systems.

c. Production and Quality Control

The investigator judged the skill levels of local artisans to be fairly good, although only 18% could be considered excellent, or master craftspeople. He did not agree with the 84% of the producers interviewed who said they had no problem with quality control, and found a noticeably higher standard in the products of the 16% who did express quality control problems.

The survey also found many complaints from craftshop operators about tardy deliveries, a problem that becomes even more serious in any effort to market externally.

d. Transportation

Transportation of both raw materials and finished products was a problem for 74% of the artisans interviewed in the assessment. The problem was more serious for those living in remote villages who did not own a vehicle or have access to one through family or friends, i.e., the rural poor.

While the transportation constraint will not be directly addressed by this Project, the creation of a support organization for the industry will provide a mechanism through which the problems of transportation may be tackled. Indirectly, better marketing facilities, even if centrally located, will at least provide the producer with greater assurance that the effort required to deliver the product will be worthwhile.

3. Project Description

The Project description which follows is based on the proposal submitted by BCCI/BEIPU in March 1991 (see attachment), with modifications based on subsequent review and discussion with BCCI/BEIPU.

The Project would help establish an organization which would provide a means of addressing key constraints to sustainable growth of the handicraft industry in Belize. The efforts of Government, through the Ministry of Social Services' Cottage Industry Program have not been effective. The organization proposed by BCCI/BEIPU would add the element of private sector participation and the business experience and orientation represented by BCCI/BEIPU as a business membership organization. Modifications to the proposal would enhance the element of market incentive in its management.

While the most visible activity would be the refurbishment of the MSS Cottage Industry Building as a marketing center, the organization would also provide a mechanism for addressing such problems as resource management, quality control and transportation.

The goal of the handicraft project is to help Belizeans benefit broadly from tourism growth through local production of handicrafts with emphasis on local natural and cultural resources. Its purpose is to organize the Belizean handicraft industry to promote growth in sales of locally manufactured products to tourists and for export while protecting the resource base of local raw materials.

The Project has three major outputs:

- consolidated purchasing and marketing services to artisans for greater efficiency and quality control;
- assessment of local raw materials and conservation and management plans for selected materials;
- inventoried, classified and upgraded craft and business skills of local artisans.

The proposed organization, which involves a centralized supply and marketing facility and a National Handicrafts Association, with participation by artisans, relevant NGOs, and the MSS, is designed to be self-supporting by the end of the third year. Initial project inputs, all to be provided during the first two years of activity, include the building being provided by the MSS, US\$75,000 equivalent in GOB-owned local currency generated under the ESF program, a US\$90,000 grant requested from A.I.D. and a used vehicle and office equipment no longer required for another A.I.D.-funded project. Other outside support is expected in the form of, e.g., volunteer services and collaboration by other Belizean NGOs in outreach and training activities.

The GOB cash input would be primarily for internal modifications to the building and for a revolving fund for purchase of supplies. The A.I.D. funds would support initial costs for staff for the center, technical assistance, an initial stock of tools and materials for resale to artisans and other equipment and operating costs.

a. Market Center

The market center would begin operation immediately. Based in Belize City, a small staff would provide a centralized supply and marketing service to artisans. Supply services would be limited to those tools and materials for which existing commercial sources are seriously inadequate. Marketing services would include direct

sales to consumers, distribution to the various tourist centers in Belize and, when feasible, export sales. Aggressive performance by staff would be enhanced by their employment on a salary plus commission basis. Overall management, initially under direction of BCCI/BEIPU, would also have its business orientation and aggressive approach to financial viability enhanced by a profit-sharing agreement.

The market center would initially be located in the MSS Cottage Industry Building in downtown Belize City. Ultimately, if plans for a tourism district in the Fort area materialize, it would most likely be relocated there. Regional depots/outlets are also contemplated as the organization becomes able to afford them.

While the market center will attempt to serve all handicraft producers, and may take goods for sale on consignment, it will be discriminatory in favor of high quality products from the outset. The market center will not purchase crafts from producers unless it already has firm orders for their resale or its own sales experience demonstrates a clear continuing demand. Otherwise, the center's limited operating capital would quickly be tied up in excess inventory.

Marketing efforts will focus on identifying markets for products in advance of production, using samples and catalogs to obtain orders which can be passed back to the producers to be filled. A major effort of the market center staff will be to identify and classify producers and provide them with guidance to become reliable suppliers of products of consistent quality.

At least initially, the primary market focus of the center will be tourist outlets in Belize. However, the center will also begin an effort to identify niche markets where selected Belizean products will not require special trade advantages to remain competitive.

Project support for the market center includes the building provided by the MSS and US\$75,000 in local currency from the GOB for modification of the building and to establish a revolving fund for advances to producers for tools and materials. (The organization may also refer clients to NDFB, credit unions or commercial banks for credit needed to expand or improve their operations and provide a way to enhance their access to such sources of financing.) A.I.D. grant funds will support initial salaries of market center staff and operating costs (travel and catalog development), a small inventory of tools and materials, computer equipment and software. A.I.D. will also provide a used vehicle and office equipment no longer needed by the IESC/Belize office which has closed.

In addition to initiating supply and marketing services, the market center staff, with consultants as required and assistance from volunteer and other NGOs, would begin a series of tasks to ensure the long-term viability of the handicraft industry and enhance its products.

b. Resource Management

An assessment will be conducted of the materials currently being used in handicraft production to identify targets for resource management efforts. The targets would be those natural materials of current or potential economic importance which are in short supply or are threatened by depletion. Management plans will then be developed for the target materials, working in cooperation with such entities as the environmental NGOs, Forestry Department, and the Department of Geology and Petroleum.

Management plans will include measures to conserve naturally occurring resources through controls on harvesting and mining, propagation and replanting, as well as reduction of waste and damage in collection and storage, and more efficient use of materials in the production processes.

Besides improving the sustainability of handicraft production, these resource management activities will help to identify specific products and artisans to be targeted for promotion. In addition, they will provide a basis for incorporating concern for the environment and conservation into the mission and program of the National Handicrafts Association, and will be used to develop promotional materials with appeal to the environment-conscious ecotourist market.

In addition to center staff time, the Project budget includes modest funding for technical assistance which may be needed to assist in the resource management effort. Other inputs are expected from collaborating NGOs and Government agencies.

c. Skills Enhancement

The organization will register as many craftspersons as possible, classify them by product categories, and assess their production and business skills. Classification and assessment of product quality will be facilitated by the marketing service, but will require significant additional data collection and record keeping.

The marketing service will provide one means of enhancing product quality, business skills and production discipline. While the market center may accept goods for sale on consignment, a major effort will be made to guide production for the market, using samples and catalogs to obtain orders for the producers. This will require consistent quality and timely deliveries, as well as calculation of costs and negotiation of prices.

Other than providing guidance to producers in the form of consultation/advice by center staff to clients and insistence on quality and delivery standards, the organization will not develop in-house training capacity. However, it will arrange or facilitate appropriate training programs and direct

members/clients to available training sources. An illustrative list of training programs/workshops that might be arranged for the handicraft industry includes:

production Skills--materials handling, costing, production planning, record keeping;

quality Control--selection of materials, layout and preparation of materials, finish, packaging;

pedagogical skills for master craftspersons.

In addition, cooperative efforts might be undertaken, for example, with the Belize Tourism Industry Association to help artisans understand and respond to the tourist market, and with the National Arts Council on developing product designs reflecting Belizean culture.

Existing local sources of training and technical assistance to which handicraft producers might be directed also include NDFB, which assists its borrower clients with general business planning and record keeping, and BIM, which offers a variety of business related courses.

Training programs may also be arranged to promote expanded production of specific handicraft items. The targeted items would be selected on such factors as market potential; market image (consistent with Belize's emphasis on small-scale, nature oriented tourism and Belizean culture); availability/renewability of indigenous raw materials; and existence of a basic skills foundation.

The Project budget includes a small line item (\$4,000) for training materials and some technical assistance to support training activities. All other resources for training will be from other sources, including volunteer services and participant contributions.

4. Financial Plan and Cost Estimate

The total estimated cost of the handicraft development project activity is \$390,000, of which \$90,000 would be from A.I.D. grant funds. The GOB, through the Ministry of Social Services, would contribute \$75,000 in local currency and make available the Cottage Industry Building, at an estimated value of \$25,000. Other contributions include earnings during the first two years of operation (estimated at \$54,000), services of an advisor from the Commonwealth Secretariat (\$75,000), and other volunteer/in-kind services from Peace Corps, local NGOs, Board members, etc. (\$71,000).

The Estimated Cost and Financial Plan table shows contributions from all sources for the first two years of subproject activity,

except the used equipment transferred from another USAID-funded project activity. All USAID support would be provided during the first year.

Estimated Costs and Financial Plan
(US\$000)

	USAID		Host Cntry.			
	<u>FX</u>	<u>LC</u>	<u>Total</u>	<u>Cash</u>	<u>Other</u>	<u>Total</u>
Market Center						
Staff		30.5	30.5	32.0	4.5	77.0
Equipment (Computer)	4.5	-	4.5			4.5
Tools/Materials Fund	10.0		10.0	40.0		50.0
Catalog Development		4.0	4.0			4.0
Local Travel		2.0	2.0	2.0		4.0
Marketing/Overseas Travel	8.0		8.0			8.0
Maintenance/Utilities				20.0		20.0
Building Use/Modification	.	.	.	35.0	25.0	60.0
Subtotals - Market Center	22.5	36.5	59.0	129.0	29.5	217.5
Training		4.0	4.0		56.0	60.0
Technical Assistance	20.0	7.0	27.0		85.5	112.5
TOTALS	42.5	47.5	90.0	129.0	171.0	390.0

1186p

PROJECT DOCUMENT

HANDICRAFT DEVELOPMENT PROJECT IN BELIZE

Implementing Agency:

BELIZE EXPORT AND INVESTMENT PROMOTION UNIT

A Division

THE BELIZE CHAMBER OF COMMERCE AND INDUSTRY

March 12, 1991

CENTRAL AMERICA



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EXECUTIVE SUMMARY

This project proposal is a response to the need for an organized approach to the commercial development of the Handicraft Industry in Belize.

The Tourism sector has begun to experience timely growth, with arrivals figures indicating an upswing. The demand for handicraft products has prompted some local handicraft shop operators to seek out-of-country suppliers.

The traditional and cultural characteristics of the country's indigenous handicrafts indicate great possibilities for commercial exploitation, in addition, the socio-economic benefits that would result from an organized industry, will contribute immensely to the national development thrust that is being pursued.

The goal of the project is to increase employment, the earning of scarce foreign exchange, the utilization of indigenous raw materials and to stem the rural-urban drift.

The purpose is to develop a viable handicraft sector through identifying industry needs, in regard to its organization, management, product adaptation/innovation, craft skills, marketing and finance and providing the technical, marketing and financial assistance to effect the necessary improvements.

Marketing and quality control have been identified as important areas to be addressed by the project in order to achieve viability and sustainability. A commercial outlet will be established in Belize City and smaller units in commercially viable tourist related locations.

The project will be under the auspices of the Belize Chamber of Commerce and Industry and managed by a Marketing and Operations Manager. The manager will be directly responsible to the General Manager of the Belize Chamber of Commerce and Industry. The project will be governed by a Board of Directors, comprised of individuals, government ministries and NGOs directly involved in handicraft production.

Individuals and related organizations will be invited to provide project support services that are within their capability. In addition, all six (6) national districts will be invited to establish local handicraft associations.

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INTRODUCTION

The production of handicraft in Belize, especially in the use of vegetable fibres, has been a traditional activity mainly within the Maya and Garifuna rural communities. More recently the carving of the Zericote wood and Slate has begun to achieve some prominence in the handicraft sector. This relatively recent addition to the product mix appears to be more successful in the urban areas of the country.

These combined activities however, are poorly organized and in many cases can only be considered as pastime activity.

In parallel there is a rapidly growing tourist industry both on the mainland and on several offshore cayes, which has increased the demand for handicraft products which the country is not organized to produce. The resultant effect is that tourist shops are now engaged in massive importation of handicrafts to satisfy their clientele.

Belize possesses the indigenous materials and human resources that are necessary for the development of a productive sector, which could participate effectively in the country's economic growth.

There is also concern for the many young Belizeans who are unable to find gainful employment but who, with some skills training, could be encouraged to get involved in producing handicrafts. This would rid the streets of many of these youths and provide them with a alternative to idleness.

In addition Belizeans living in rural Belize continue to look for new ways of enhancing their income thereby improving their quality of life. With the high concentration of women in this sector the possibilities for impacting the development of women is immense.

It is for this purpose, that the Belize Export and Investment Promotion Unit (BEIPU) has decided to become involved in facilitating the handicraft industry's timely development.

000 COUNTRY SETTING

000 Belize is the only country of Latin America which observes English as the official language. Located south of the Yucatan peninsula of Mexico and bordered by Guatemala to the south and west, Belize faces the Caribbean Sea for its entire eastern coast. The climate is considered to be subtropical with a mean annual climate of 79 F., and a national average rainfall of 110 inches. The southern section of the country, however, accounts for nearly 2/3 of that amount and therefore is much more lush in vegetation. This explains why to a large extent, most of the vegetable fibre handicrafts are produced in the south of the country.

00 The topographical profile of the country is generally flat in the north and coastal parts, even though, the land rises to 3000 feet above sea level in the Maya mountains to the south and west, which the landscape drastically. Much of supports an enormous variety of flora and fauna.

Identification and use of some of the commercial varieties by the handicraft sector, could reduce dramatically the current dependence on some preprocessed vegetable materials currently being imported.

0 Belize is further enhanced with exotic handicraft materials from the sea, with its 175 mile long barrier reef and some 175 cays. In addition, the mainland coast is almost completely lined by mangrove swamps which supports a large variety of marine life. Of course any possible use of marine materials will be preceded by a thorough evaluation in order to prevent any negative enviromental effects.

02.04.00. The unspoilt environmental ambience of Belize is one of the main reasons why the numbers of environmentally conscious tourists have been arriving in large numbers. Unfortunately, the handicraft sector which could play a vital role in the generation of employment and the earning of scarce foreign exchange is woefully out of step. Seventy five (75%) of the craft sold locally is imported, hence a leakage of foreign exchange. The following table gives some indication of the rate of growth in tourist arrivals.

YEAR	TOURIST ARRIVALS BY AIR
1985	31,985
1986	52,048
1988	56,855
1989	66,334

02.05.00. Population

Belize's population is still comparatively small if one examines the 1988 statistics (Macro-economic Plan, 1988.) which estimates the population at 179,814 in an area of 23,000 square Km. Belize's population density of 7.8 per sq. kms. is one of the lowest in the region, and for that matter in the world. The vast natural resources and the available human potential can be combined to create a viable entity. With proper planning and adequate funding at this point in the country's development, a viable handicraft industry could be sustained.

03.00.00. BACKGROUND AND JUSTIFICATION

03.01.00. The rich ethnic background and cultural mosaic of Belize has always hinted at a viable potential for the production of a wide range of traditional handicraft products, however, the mechanisms necessary to effectively exploit such a potential, often proved to be elusive. Great distances and uncoordinated application of indigenous resources further frustrated previous development efforts.

Subsequent studies conducted, indicated that with the abundance of indigenous commercial vegetable fibres, mineral resources, and the availability of a trainable human resource base, early positive action should be taken.

A study assessing the handicraft industry and making recommendations for its development was conducted in late 1990 on behalf of the Belize Export and Investment Promotion Unit.

One hundred and thirty one artisans in twelve disciplines were involved in the sampling, which included twenty two separate establishments. In addition, the study included commercial handicraft shops both in the urban areas of Belize as well as the major tourist locations on the cayes.

It was found that the majority of the artisans were women (80%), who resided in the rural areas, but the bulk of the trading in handicraft products was concentrated in the towns and produced mainly by men. This is especially the case in zericote carvings.

Many of the products inspected had commercial possibilities. Diversification and in some cases a little modification, could improve market acceptance. However the problem of costing, pricing and quality control needs immediate attention. Prices are uncompetitive and in some cases the technology obsolete. This affects production and evidently prices.

The age of the average artisan was found to be in excess of thirty years, with the mastercraftpersons' category averaging fifty five years. This reflects a gradual aging within the sector, and therefore, the need to attract younger persons to the industry.

Marketing, training, materials, packaging, shipping and transportation are among the major problems of the industry. However marketing was the most outstanding. This is therefore critical since production begins and ends with marketing. The lack of a suitable commercial outlet and a national entity to give effective institutional support, are considered to be major factors prohibiting timely growth and development of the sector.

The increase of imports from Asian countries to satisfy local demand, is very much related to the timely growth of tourism. With increased effort and capital for the expansion and development of tourism as an integral component of economic growth in Belize, it is absolutely necessary that the handicraft sector be given a fair opportunity to at least keep pace.

03.00 It was with the foregoing as a point of departure that the Belize Export and Investment Promotion Unit sought to develop a logical infrastructural framework which would encourage and enhance the timely development of the handicraft sector. The focus on local tourist and export markets is an attempt to provide realistic indicators for stimulating artisans to produce market driven products. Additionally, a lot of consideration was given to the preservation of traditional and cultural characteristic.

0.00 THE PROJECT (DESCRIPTION)

0.00 This project is designed to commercially organize the handicraft sector in Belize, in order to optimize the available human and natural resources of the country. To do this institutional initiatives must be pursued to effect the following:

- (a) Identification and classification of available raw materials
- (b) Identification and registration of participating craftspersons
- (c) Identification of training needs and development of training modules. This will include modification and diversification of existing products.
- (d) Selection of handicraft training and production communities on a country wide basis
- (e) Acquisition and preparation of national and subsidiary marketing outlets
- (f) Establishment of a National Handicraft Board suitable for developing policy and ensuring continuity

0 GOALS, OBJECTIVES AND OUTPUTS

0. The goal of the project is to increase employment, the earning of scarce foreign exchange, the utilization of indigenous raw materials and to stem the rural-urban drift.

The purpose is to develop a viable handicraft sector, through identifying industry needs, in regard to its organization, management, product adaptation/innovation, craft skills, marketing and finance and providing the technical, marketing and financial assistance to effect the necessary improvements.

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THE OBJECTIVES OF THE PROJECT ARE:

- (1) To facilitate the identification and classification of a wide range of local materials for production of handicrafts.
- (2) To identify training needs, develop adequate training materials and modules and implement effective training programs.
- (3) To facilitate the production and marketing of high quality handicrafts through the development of commercial outlets, for the marketing of crafts and supplying of raw materials.

THE PRINCIPAL OUTPUTS PLANNED UNDER THE PROJECT ARE:

- (1) Effective and sustainable marketing outlet in Belize City with smaller units in commercially viable tourist related locations.
- (2) A national handicraft board working in close collaboration with district associations.
- (3) Effective training materials, modules and programs developed and implemented.
- (4) Available raw materials identified and classified.
- (5) Successful stimulation of the production of market driven products for the domestic and export markets.

10 METHODOLOGY

- 0 The successful implementation of the project will require cooperation between all the existing handicraft entities in Belize, both at the sector and sub-sector levels. Government's input regarding pioneer status, buildings, support field staff and duty-free consideration for hand tools and small equipment will be important to the project's success. To that end, support has been forthcoming.

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Special attention will be given to the rationalization of the use of all the available resources of the country. This will be achieved through cooperation with existing established bodies such as the Department of Education for the arts and crafts resources, the Cottage Industries of the Ministry of Social Services and Development which has been doing work in the sector, the National Archaeological Department for authentication of designs to be researched, and the Ministry of Agriculture for the identification of indigenous vegetable minerals and equipment manufacturing.

WOMEN PARTICIPATION

A recent study shows that majority of the handicraft producers are women and are located mainly in rural Belize, therefore work in the villages will be an important aspect of the development work.

The mobilization of women in handicraft production will be carried out through organizations such as the Belize Rural Women's Association and the Department of Women's Affairs. Products for which markets exist will be identified in the craft sector in Belize City, and this information will be channelled to the producers through these organizations. The project will also endeavour to strengthen these organizations and the role of the Government in providing technical assistance to women involved in handicraft production.

IMPLEMENTATION SCHEDULE														(BB
ACTIVITIES	MONTHS												REMARKS	
	1	2	3	4	5	6	7	8	9	10	11	12		
1. Project orientation and planning													As per project document	
2. Identification and classification of raw materials													To include vegetable, mineral, etc.	
4. Identification and classification of craftspersons, Board members, communities													To include category and skill level	
5. Identification of training needs and development of Trg. materials. Testing													Hands on fieldwork with counterpart at cottage industry level	
6. Training, upgrading craftspersons													Production, quality control, costing mktg.	
7. Developing marketing strategy & Outlets, domestic and export													Prepare city location, staff trng., Export	
8. Ongoing assessment, modification and project evaluation													Counterpart will be involved in this exercise at all stages	

07.00.00. ACTIVITY AND RESPONSIBILITY

07.01.00. The project is designed to incorporate support from all the principal handicraft related organization countrywide, in

In addition government agencies have been asked to provide legislation and other supportive services. These structured relationships are as follows:

ACTIVITY AND RESPONSIBILITY MATRIX

(BB)

LEGEND: Activity = A
Responsibility = R

ORGANIZATIONS/RESPONSIBILITY

ACTIVITY	1	2	3	4	5	6	7	8	9	10	REMARKS
	B	N	B	B	H	D	B	B	B	C	
	E	A	E	E	U	E	E	E	E	O	
	L	T	L	L	M	P	L	L	L	T	
	I	I	I	I	A	T	I	I	I	T	
	I	Z	I	Z	I	N	I	Z	Z	I	A
	E	N	E	E	I	O	E	E	E	G	
	I	A	I	I	R	F	I	I	I	E	
	R	U	L	T	I	N	E	I	E	C	
	I	I	O	A	S	W	X	I	N	O	I
	W	A	U	T	O	O	P	T	I	N	I
	O	R	R	I	U	M	I	I	C	D	
	M	T	I	D	R	E	I	F	L	U	
	E	S	M	E	C	I	N	M	O	I	S
	N	I	I	I	V	E	S	P	R	O	T
	S	C	A	I	I	I	I	I	F	R	
	I	O	S	I	F	C	A	P	S	I	Y
	A	U	S	D	E	F	R	U	C	I	
	S	N	N	N	N	N	F	O	S	H	
	S	C	I	I	I	T	A	D	T	U	
	N	I	I	I	R	I	I	I	R	I	
	I	L	I	I	E	R	U	T	C	I	
	I	I	I	I	I	I	N	E	H	I	
	I	I	I	I	I	I	I	C	E	I	
	I	I	I	I	I	I	I	T	H	S	

1. Record Keeping					I	A	R			I	A	I	Gen. Individual
2. Vegetable fibre management										I	A	I	National
3. Community organization	I	A						I	A	R	I	I	National
4. Marketing & Prom.			I	A				I	A	R	I	I	Dom./Exp.
5. Government liaison								I	A	R	I	I	Dur. Ongoing
6. Research and Design		I	A			I	A			I	R	I	Mat'l. & Prod.
7. Technical support, quality	I	A	I	A	I	A	I	A	I	A	R	I	Dur. Ongoing
8. Credit assistance	I	A				I	A	R			I	A	Working Capital
9. Sector promotion			I	A					I	A	R	I	Domestic Overseas
10. Management								I	A	R	I	I	Chamber of Com.

08.00.00. MANAGEMENT

08.01.00. The management of the project will be under the direction of a the Belize Chamber of Commerce and

Industry. The Chamber will appoint a Board comprised of representatives from NGOs, artisans and government ministries.

There will be a Marketing and Operations Manager with clear responsibilities for general management, financial management, project coordination, training, production, quality control, costing and marketing. The day to day execution of some of the foregoing functions will be allocated appropriately to participating member organizations. Core functions such as record keeping and programme direction will be centralised.

Field activity will be managed by member organizations currently operating across the country.

The physical facilities under the control of those organizations will be incorporated in the logistical planning for the project.

PRODUCTION MANAGEMENT

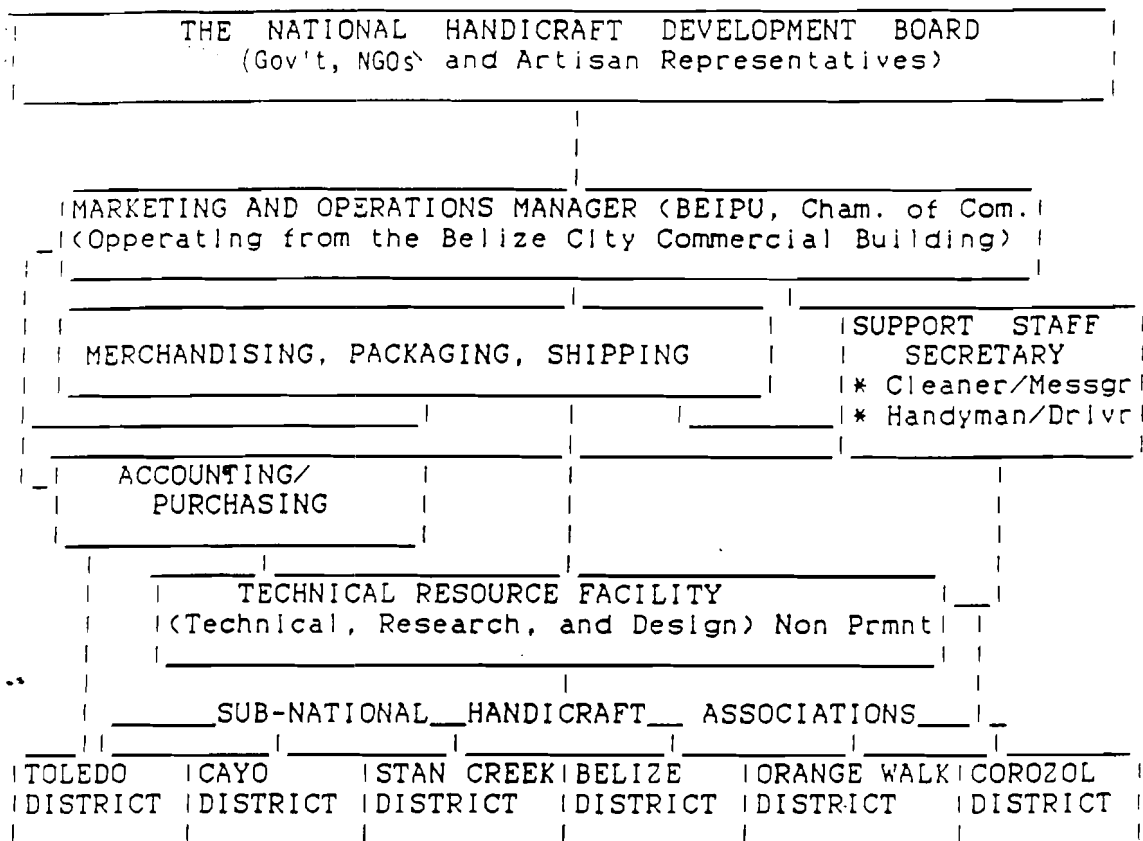
Production, quality control and one on one training will generally be done in the field. These activities will be managed at the cottage level by the various organization's field officers, working in coordination with the Marketing and Operations Manager of the project.

Additionally some training will be provided through the Ministry of Education concentrating efforts on skills enhancement.

08.05.00. Organizational Structure

The following organization model has been developed to reflect the needs of the sector and to provide an effective management structure.

08.05.01. The organization chart



08.05.02. Notes Re the Organization Chart

The Board will comprise of artisans representing the six regional districts in addition to representatives from the relevant government ministries and non governmental organizations. The Board will be fully responsible for the formulation of policy, the development of programme objectives, the delienation of responsibilities and ensuring their implementation. Special interest sub-committee chairmen/women, will be empowered to use resource persons available in the wider society as is necessary for the furtherance of the work of the Board. The Board's responsibilities will be as follows:

a. To assist in the cohesive and timely development of the handicraft sector

b. Networking among the represented organizations as well as individuals, resource persons, and government institutions

c. The encouragement of collaborative action through the sitting representatives, for the purpose of responding to the development and growth needs of the handicraft industry in Belize

d. The Chairman of the Board will be appointed by the Belize Chamber of Commerce and Industry

Marketing and Operations Manager

a. The Marketing and Operations Manager will be responsible for the day to day management of the organization.

b. He/she will be required to possess proven management and marketing skills, which may not necessarily relate to handicraft, although it would be an asset.

c. He/she in addition, will be required to travel extensively in-country and to a lesser extent off-shore in the pursuit of the commercial exploitation of Belizean handicraft

d. The MOM will report directly to the Manager of the Belize Chamber of Commerce and Industry.

Accounting/Purchasing Officer

This position reports to the MOM, however, he/she will be required to report on financial matters

The APO will be responsible for all accounting functions and should include the purchasing of all stock for commercial operations of the organization.

In addition he will be competent to act as assistant MOM when necessary,

The Officer will be responsible for advising on the costing and pricing of handicraft goods

Merchandising, Packaging and Shipping Staff

The persons employed in this category will interchange

as is necessary in carrying out the functions of the department. Sales function will include both retail and wholesale

Packaging would be required for all goods being shipped out of storage, and would include inspection as part of the quality control regime

The Support Staff

a. The support staff will report directly to the MOM. The secretary will be required to assist the accountant as required by the management.

b. The handyman will be required to provide general services to the store, office, stock receiving and shipping department.

The Technical Resource Facility

This unit is a support services facility within the organization and will facilitate the work of resource persons, in research, publications, design, quality control etc. Visiting consultants, experts or other resource persons will be accommodated by the unit

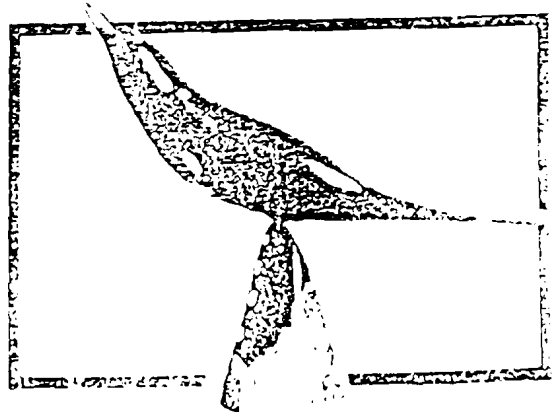
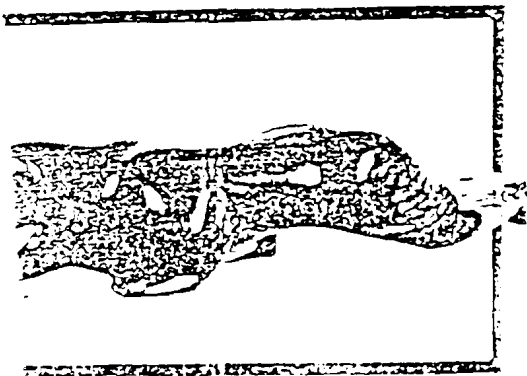
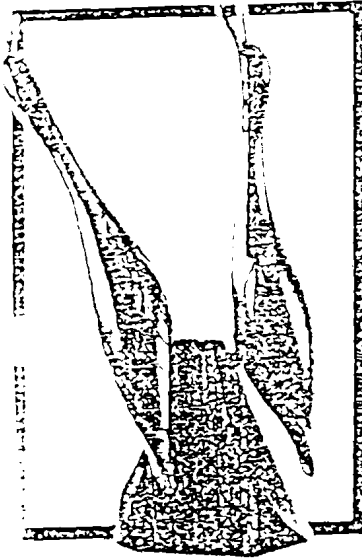
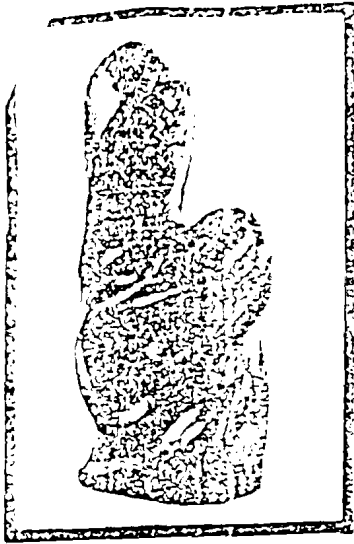
. Sub-national Handicraft Associations

The entire handicraft development strategy is based on the cottage industry concept. It is proposed that the various district associations provide leadership for the craftspersons at the village level and act as liaison agents between the board and the field. This will assist artisans in developing effective production practices and facilities within their individual village settings. These cottage operations will also be encouraged to utilise as much as possible, raw materials within their area.

09.00.00. MARKETING

09.01.00. Both domestic and export marketing will be centrally developed through the commercial centre in Belize city. Products to be sold at locations in rural areas will be handled during the national pick-up runs.

09.02.00. Products for domestic sales will be ordered from artisans based on advanced marketing intelligence assessment, and modified designs where necessary.

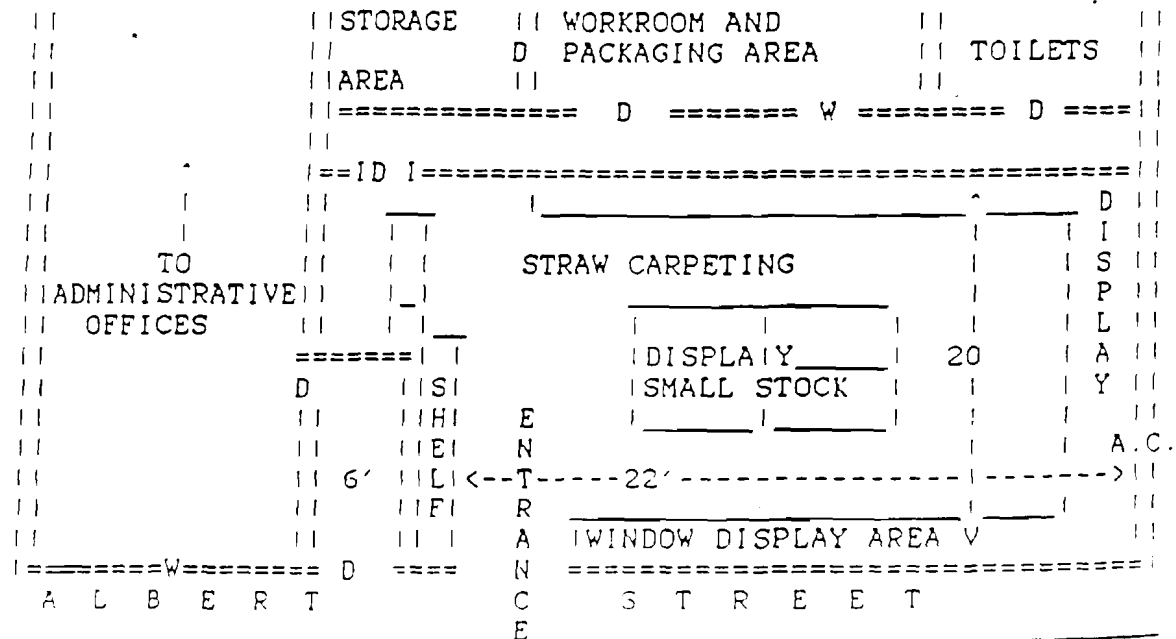


Export orders will be handled in the same way, except for the additional shipping paperwork which would be required. This will be done by the central commercial unit.

09.03.00. The Commercial Outlet (Collage Industry Building or 1st floor of Chamber Building)

A national commercial handicraft store will be established in Belize City in the central commercial district, additional outlets in some of the major towns will also be a feature of future development. The outlets will offer only high quality products for sale. The government has indicated on request, that it will make available an appropriate building which has already been identified. An additional feature of the outlet will be the stocking of certain materials, tools and light equipment for sale to craftspersons at reasonable prices. Should this building not be available the Chamber is prepared to make the first floor of the building available for modifications into the commercial outlet.

Proposed renovated Commercial Outlet



Note: Not drawn to scale

BUDGET

The budget include infrastructure, materials and technical assistance costs as follows:

BUDGET DETAILS

		US\$ LOCAL CONTRIBUTION	US\$ GRANT REQUEST	US\$ TOTAL
01)	Training program for upgrading 50 persons, including training materials and travel 50 x US\$75.00	- 10,000	4,000	14,000
02)	Modification of commercial outlet	-	35,000	35,000
03)	Building	- 75,000		75,000
04)	Tool, materials and product purchase revolving fund	-	50,000	50,000
05)	1-4 wheel drive panel van	-	14,500	14,500
06)	Catalogue Development	-	4,000	4,000
07)	Secretarial & Office Support	- 4,500		4,500
08)	Marketing & Operations Manager Salary 12 mths - @ \$1,500 mth.		16,500	16,500
09)	Accounting/Purchasing Officer Salary 12 mths- @ US\$750/mth.		9,000	9,000
10)	Merchandizing/packaging and shipping personnel -	5,000	5,000	10,000
11)	Tech Asst. Service 6 man mth. @ \$4,550 mth-		27,000	27,000
12)	Airfare	-	2,000	2,000
13)	Marketing & Oversease Travel	-	8,000	8,000
----- TOTAL		94,000	175,000	269,000

BUDGET NOTES:

1. The local component represents paid officers who are provided with transportation in the field.
3. Use of the building has been negotiated with the Ministry of Social Services and Development.
7. In the first phase the Chamber will provide this service.

OVERVIEW

The need for this project as expressed by the artisans, the Government of Belize and the Belize Chamber of Commerce of Industry cannot be overstated. In time the relatively rapid growth of the country's tourism sector, will create an increase in the demand for handicraft products. This project therefore, is a planned response to the need for high quality handicraft products that can satisfy both the domestic and export markets.

The cottage industry approach to the development of the sector, will ensure the earning of a living wage for persons living especially in rural locations where the vegetable and minerals materials are to be found.

The assistance that craftspersons will receive in design, costing and pricing, production practices and marketing, will make a significant difference to the national economic returns from the industry, and contribute immensely to the general well being especially of the rural poor.

The Industry will provide meaningful employment and entrepreneurial opportunities for young Belizeans without hope of earning a living.

If the Government of Belize agrees to the Chamber having the use of the building that presently house the Cottage Industries for this project, it is envisaged that a memorandum of understanding will be signed by both parties. It will outline the partnership between BCCI and GUB through its Ministry of Social Services and Community Development, and state the responsibilities and functions of each party. Specifically however, it will make provision for the use of the Cottage Industries building by BCCI for a minimum period of ten years.

While the location of the handicraft centre in the Cottage Industries could be considered a short to medium term cooperation between BCCI and GOB, the medium to long term plan is to locate a suitable site within the area demarcated for the Tourism District, and erect a handicraft facility there, utilizing the structure from the old Belize City Market. Both BCCI and the Ministry of Social Services and Community Development will actively peruse this second phase of the project.

FINANCIAL ANALYSIS

For this analysis it was assumed that the craft centre in Belize City would be purchasing wood carvings, stuff dolls, slate carving, straw hats, baskets and bags as the main craft items for sale locally in the first year of the project, and thereafter for both the domestic and export markets. It is assumed that the centre will be receiving products from an estimated 100 craft persons throughout the country who will be supplying on an average, \$100 worth of craft per month, per person in the first year. It is expected that in the ensuing years, the average purchase per person will increase as the producers become more proficient. In addition, the number of persons selling to the craft centre will increase as the outreach program by the various agencies involved, unfolds. The following is a summary of the estimated annual purchases and persons selling crafts to the centre over a five year period.

PARTICULARS	PROJECT YEAR				
	1	2	3	4	5
No. of persons selling craft (1)	100	150	200	250	300
Avg. purchase/ persons/yr. (2)	1,200	1,440	1,800	2,250	2,500
Total annual Purchase (1x2)	120,000	216,000	360,000	562,500	750,000

65

These estimates are considered conservative and attainable. They are based on the results of a survey conducted by Barrington Brown in 1990, which indicated that the average annual income from a handicraft business was estimated at BZ\$5,418.90. Assuming that a producer will not be selling all of his/her crafts to the centre, it is believed that a maximum annual sale of BZ\$2,500 to the centre is realistic.

With regards to the projected number of persons selling craft to the centre, a maximum number of 300 persons by the fifth year of the project is considered realistic. Given the outreach program which will be instituted in cooperation with the various NBOs and Government Departments involved in handicraft development, it is believed that an average of 35 persons per district selling craft to the center is attainable.

All crafts will be resold based on a markup of 20%. Another major assumption that the financial analysis makes is that the centre will be purchasing some raw materials and hand tools in bulk for resale to craft producers with a markup of 15% to cover cost of purchasing and selling. Sale of raw materials and tools are directly related to purchases. It is projected that throughout the project life, sales of raw materials and tools will be about 25% of purchases of finished craft products. This is based on experience with similar operations in St. Kitts.

The Projected Profit and Loss along with underlying assumptions shown in Appendix II and IV respectively, indicate that the project can realize positive net income throughout its life (10 years), except in the second and third years, when negative incomes of \$55,450 and \$4,760 are shown respectively.

The Projected Cash-Flow shown in Appendix III with assumption in Appendix IV, shows that after replenishment of the revolving Fund, deficits will be realized in the first three years of the project. However, since the Revolving Fund belongs to the project, with proper management of these funds no need for outside financing should be necessary. If problems should arise in matching inflow of cash with outflows, an overdraft facility should be established to address that problem.

The analysis shows that the project is financially viable, and should be able to sustain itself during the life of the project.

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project: 10 years
From FY 1991 to FY 2001
Total U.S. Funding: \$275,000
Date Prepared: 3rd June, 1991

Project Title: HANDICRAFT DEVELOPMENT PROJECT IN BELIZE

NARRATIVE SUMMARY	OBJECTIVELY MEASURABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
Program or Sector Goal: The broader objective to which this project contributes:	Measures of Social Behaviour:		Assumptions for achieving goal/long
To increase employment, the earning of scarce foreign exchange, the utilization of indigenous raw material and to stem rural urban drift	<ul style="list-style-type: none"> increased employment, particularly for women in rural areas; increased exports and sales to tourist of handicrafts; increased usage of local raw materials to produce handicraft; reduced number of persons moving from rural to urban areas 	<ul style="list-style-type: none"> project report and evaluation; BOD data and statistics; Project report and evaluation; BOD data and statistics 	BOD policy environment conducive to the endeavor to export and to tourism
Project Purpose:	Conditions that will indicate purpose has been achieved: End of project Status		Assumptions for achieving purpose:
To foster the development of a viable handicraft sector through identifying industry needs and providing the technical, marketing and financial assistance to effect the necessary improvements	<ul style="list-style-type: none"> Handicraft commercial outlet and training centre fully established and sustainable; Belizeans utilizing the services provided by the craft centre 	<ul style="list-style-type: none"> Project reports and evaluation 	BOD receives the necessary cooperation from the relevant Gov. Ministry and BOD's
Outputs:	Magnitude of Outputs:		Assumptions for achieving outputs:
<ol style="list-style-type: none"> Effective and sustainable marketing outlet and training centre in Belize City established. A national handicraft board established and working in close collaboration with district associations. Effective training, material, modules and programs developed and implemented. Available raw materials identified and classified Successful stimulation of the production of market driven products for the domestic and export markets. 	<ol style="list-style-type: none"> Craft centre with staff of four persons operating National handicraft board meeting on a regular basis. Fifty craft persons from four districts received training in production, quality control and marketing List of raw materials in Belize prepared along with their possible uses. The craft centre has a minimum annual sale of \$957,500 by year 5. 	<ol style="list-style-type: none"> Project Report Project reports Project reports and evaluation Project reports Project reports and evaluation 	<ol style="list-style-type: none"> BOD can recruit suitable persons for the positions Members of the Board are committed to the cause Belizean craft persons are receptive to training BOD receives the cooperation of Min. of Agricultural and BOD's. Craftpersons will utilize the services provided by the craft centres.
Inputs:	Implementation Target (type and quantity)		Assumptions for providing inputs:
<ol style="list-style-type: none"> BID grant BOD & BOD contribute 	<ol style="list-style-type: none"> US\$125,000 US\$100,000 	<ol style="list-style-type: none"> BOD records BOD records 	<ol style="list-style-type: none"> Sufficient funds available under BOD's program BOD's and Gov. will be effective

Best Available Document

APPENDIX

NOTICE: THE FOLLOWING
PROJECTED PROBLEMS

PARTICULARS	PERIODS					
	1	2	3	4	5	6-10
REVENUE						
Grant Funds	120,000					
Sale of Craft	150,000	270,000	450,000	700,125	940,500	930,500
Sale of Raw Materials	30,000	54,000	90,000	140,625	187,500	180,500
TOTAL	950,000	324,000	540,000	840,750	1,128,000	1,111,000
EXPENSES						
Cost of Sale (Crafts)	120,000	216,000	360,000	562,500	750,000	750,000
Cost of Sale (Raw Materials & Tools)	20,000	46,950	78,250	122,280	163,040	163,040
Electricity @ 4,000/Mth.	2,400	2,400	2,400	2,400	2,400	2,400
Water @ 450/Mth.	600	600	600	600	600	600
Telephone @ 4,300/Mth.	3,600	3,600	3,600	3,600	3,600	3,600
Salaries	77,000	77,000	77,000	77,000	77,000	77,000
Fuel & Lubricants @ 400/Mth.	4,800	4,800	4,800	4,800	4,800	4,800
Maintenance of Vehicle @ 5% cost	1,500	1,500	1,500	1,500	1,500	1,500
Maintenance of Building @ 3% cost	4,400	4,400	4,400	4,400	4,400	4,400
Local Travel @ 4,300/Mth.	3,600	3,600	3,600	3,600	3,600	3,600
Overseas Travel & Marketing	10,000	10,000	5,000	5,000	5,000	5,000
Stationary @ 4,300/Mth.	3,600	3,600	3,600	3,600	3,600	3,600
Promotion	8,000	5,000	5,000	5,000	5,000	5,000
TOTAL EXPENSES	262,500	376,450	541,760	793,280	1,021,540	1,021,540
NET INCOME	687,500	655,450	64,240	47,470	106,460	90,460

APPENDIX III

NATIONAL CRIST CENTER
PROJECT CASH FLOW

PARTICULARS	PROJECT YEARS					
	1	2	3	4	5	6-10
SOURCES						
Net Income	92,500	(55,450)	(4,700)	47,470	100,400	100,400
Grant	172,000	100,000	100,000	100,000	100,000	100,000
Revolving Fund						
Equity (By Difference)	7,500	55,450	4,700	-	-	-
TOTAL SOURCES	272,000	100,000	100,000	147,470	200,400	200,400
USES						
Capital Investment	172,000	-	-	-	-	-
Payment of Revolving Fund	100,000	100,000	100,000	100,000	100,000	100,000
Cash Balance	-	-	-	47,470	100,400	100,400
TOTAL USES	272,000	100,000	100,000	147,470	200,400	200,400

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APPENDIX IV

NOTES TO PROJECTED PROFIT & LOSS

1. Salaries are as follows:

	<u>BZ\$/YR.</u>
a) Marketing and Operations Manages	33,000
b) Accounting & Purchasing Officer	18,000
c) Secretary/Clerk	9,000
d) Driver/Handyman	9,000
e) Sales person	<u>8,000</u>
TOTAL	<u>77,000</u>

NOTES TO PROJECTED CASH FLOW

1. Capital Investment:

a) Modification of Building	70,000
b) Purchase of Vehicle	29,000
c) Catalogue Development	8,000
d) Tech. Asst.	34,000
e) Training	<u>8,000</u>
TOTAL	<u>119,000</u>

2. Working Capital:

a) Tool & Material and Product Purchase Revolving Fund	100,000
b) Marketing & Travel	20,000
c) Salaries	<u>61,000</u>
TOTAL	<u>181,000</u>

BELIZE CHAMBER OF COMMERCE & INDUSTRY

Proposal To Create Trade & Policy Development Capabilities Within BCCI/BEIPU.

1. Background

The BCCI has been the grantee under a Cooperative Agreement signed with USAID since 1986. The object of the project is to develop the capacity of the private sector to promote, provide technical assistance for, and facilitate export and tourism projects in Belize. The goals are to generate employment, income and foreign exchange in the Belizean economy. The project is being executed by the Belize Export & Investment Promotion Unit, a Division of the Chamber.

The two main objectives of the Chamber are:-

- (1) To foster the economic growth and social well being of the nation through the free-enterprise system at all levels, by promoting and protecting both nationally and internationally, commerce, all sectors of industry which includes agri-business, tourism and manufacturing, the professions and the trades.
- (2) To continually strive to enhance the Chamber's ability to better serve its members whilst operating as a self-sustaining, non-profit, non-political organization.

For years the Chamber was a dormant organization perceived to be serving limited interests in the country. However, this has now changed and the Chamber is vibrant, dynamic and seen as doing things for its members who come from various areas of the country.

It has been accepted that the BCCI has created the capacity of the private sector to do things which contribute to the development of the economy.

2. Introduction

Following a mid-term project evaluation, the Chamber has critically reviewed the direction of its export and investment promotion unit. BEIPU now focusses on a company and product specific approach to export development. While the programme concentrates on product specific activities it cannot operate in isolation from macro-economic variables and issues which inevitably impact the programme as well as the national export development prospects.

In this area BCCI through its export and investment promotion unit, serves as the liaison between Government and the private sector on export development issues and has the responsibility for suggesting policy initiatives and action recommendations on export related national concerns. The Chamber itself has a leadership role in guiding Government towards ensuring that the proper economic climate exists which is conducive to the development of business in the country.

On a broader plain, Belize along with CARICOM have declared that they want to remove all barriers to trade. However, their primary objective is to implement trade measures and policy instruments integral to the establishment of a single Caricom market.

However, what is needed is a much broader approach which recognizes the global move towards trade liberalization. Much educational and sensitization work will have to be done to convince the Belizean business community that protectionist policies and practices tend to fuel inefficiencies.

There is need then to direct attention to improving the trade environment. The BCCI will continue to develop the country's export capabilities and continue to facilitate investments in Belize but in addition will direct attention to the development of multi-directional trade under open market conditions. The creation of free market conditions will stimulate investments all round which will contribute, through capital provision for infrastructural development, to attaining sustainable economic growth. The private sector has vested interest in ensuring that the favourable economic growth experienced in Belize over the past few years is sustained. The BCCI is charged with that responsibility.

What is proposed in this paper is aimed at stimulating trade policy reforms, educating the public and private sectors about the need for these reforms and developing support for open trade policies through policy analysis and the provision of accurate and timely information and constant dialogue.

3. Trade & Policy Development Capabilities

It is proposed that in developing the trade and policy capabilities within the Chamber that the research and analytical skills and ability of the organization would have to be enhanced dramatically. This would mean the need for technically competent trained staff in economics and in information technology. Support would be provided for by an advisory body drawn from business leaders and the public sector. In this connection, it is proposed that the BEIPU Promotion Committee take on that role. Once the capability of the Chamber is developed then BCCI can offer advice and support to the newly formed export development strategy council.

It is envisaged that there would be need for a Policy and Trade Economist/Analyst and a Trade Information specialist supported by a Statistical/Data Entry Technicians.

The following is a brief summary of the justifications, objectives and general job description of the components necessary to develop this capability.

3.1 Policy and Trade Development and Strategic Planning

A critical element in ensuring sustainable economic growth is ensuring that the right economic climate exists of which a vital component is the existence of progressive fiscal policies of Government. The matter of fiscal policy and structure takes on an even more important role in view of a number of recent international developments and initiatives. Principal amongst these are the following:-

- (i) The Enterprise for the Americas Initiative;
- (ii) The Canada, US, Mexican Free Trade agreements;
- (iii) A single Market Europe after 1992;
- (iv) The deepening of the Caricom integration process;
- (v) The proposed expansion of the Caribbean Basin trading area to include the Central American countries;
- (vi) The developments in the Uruguay Round.

The world has made a conscious move towards trade liberalization and wants for there to be an enhancement of international trade without restrictions and constraints. This is happening now and Belize will by force be dragged into this setting whatever it is appreciated or not.

The Government of Belize relies heavily on import duties as part of its income base and so there is a natural tendency to be ultra sensitive when discussions surround the reduction of tariffs. This is now a part of the real world and Belize will need to reduce tariffs, eventually eliminate them. However, it is appreciated that the Government's lost revenue would have to be made up somehow. This can be achieved by introducing elements of tax reform. Belize cannot be a part of the EAI and FTA discussions without addressing the issue of tax reform.

The Policy and Trade Economist/Analyst will have the following as the main objectives and description of his/her role in the organization:-

- (i) Seek to coordinate the efforts of different Government Ministries to ensure unified public sector approach to Trade and Investment developmental issues and link public and private sector efforts in this area.

- (ii) Serve as a catalyst which will stimulate Belize to want to accept more open trade policies.
- (iii) Educate both public and private sectors about full meaning of a hemispheric free trade area and assist them to appreciate the full ramifications.
- (iv) Prepare technical papers for both public and private sector consumption aimed at educating and providing stimulus for the policy environment to be improved, involving much analytical work, discussions with key players in Belize and the arranging of joint public/private sector seminars, workshops and conferences in getting the message out.
- (v) Analyse trade and investment policy climate and set out a suggested meaningful programme to achieve trade and policy development to remove all impediments to trade and investment.
- (vi) Be able to offer technical assistance to Government in the area of policy development and reform.
- (vii) Assess on a continuous basis the impact of EAI and the FTAS on the different sectors in the Belizean economy and suggest policy initiatives and strategy options to meet the anticipated developments.
- (viii) Be able to analyse income and expenditure statistics and be continuously on top of this to be able to advise intelligently about the possible introduction of alternative taxes.
- (ix) Play a key role in educating the Government and key business leaders that tax reform can be done and continuously assess the impact of the Government's fiscal policies on the preservation and sustainable use of its natural resources.

3.2 Trade Information

In its export thrust and national policy initiatives, the Chamber will require updated and refined trade information which will be an essential ingredient for the successful implementation of the envisaged activities. Trade information is required in two areas. Firstly, current trade and market intelligence is essential to enable BCCI and the exporting community to keep abreast with market trends and product technology/innovations. Secondly, comprehensive information is required to analyse broad trade issues and international trade developments especially with regards to the current international developments and initiatives outlined earlier.

In the area of tax reform the BCCI can lead the discussions but it must be in possession of information on what other countries are doing and the impact of the different tax regimes on the different country's economies.

The Trade Information specialist, supported by a Statistical/Data Entry Technician will have the following as the main objectives and description of his/her role in the organization:-

- (i) Develop an information system which will provide current and meaningful data on trade, investment and other statistics and provide us the capabilities to track, analyse and disseminate whatever information we have gathered.
- (ii) Use international trade statistics as a meaningful tool in guiding the Government and private sector as to what is happening in the market place.
- (iii) Identify constraints to development and barriers to international trade.
- (iv) Provide background information and technical support carrying out research and continuously collecting and analysing technical data on the different initiatives and trade developments.
- (v) Ensure that Belize is fully on top of what is happening in other countries in the areas of economic policy, tax regimes and company law improvements.
- (vi) Ensure Belize has information on what is happening in other countries with particular emphasis on their export development initiative, targeting specifically those countries which can compete with us for export market share.
- (vii) Prepare information briefs and do projections under different trading and economic scenarios.
- (viii) Net work with various agencies and databases.
- (ix) Identify, build and catalog documentation of relevance to the organization's needs.

4. Budget

In developing BCCI's capabilities in the areas outlined in this paper there would be need for additional resources to the order of US\$160,000, over a two year period.

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INITIAL ENVIRONMENTAL EXAMINATION

PROJECT LOCATION: Belize

PROJECT TITLE: Export and Investment Promotion

PROJECT NUMBER: 505-0027


A.I.D. FUNDING (LOP): \$4,900,000

LIFE OF PROJECT: Seven years (1986-1993)

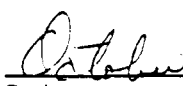
IEE PREPARED: Pedro Perez, PDO
USAID/Belize
October 2, 1991

RECOMMENDED THRESHOLD DECISION: Negative Determination


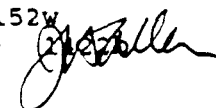
CONCURRENCE:



Barbara P. Sandoval
A.I.D. Representative



October 30, 1991
Date

Drafted: PDO: PPerez (10/1/91) 
Revised: PDO: PBisek (10/28/91) 1152w
Re-drafted: NRO: JHallen (10/29/91) 

INITIAL ENVIRONMENTAL EXAMINATION
Export and Investment Promotion Project Amendment

A. Project Description

The Export and Investment Promotion Project is essentially an institution building effort to develop the capacity of the public and private sectors to promote, provide technical assistance for and facilitate export and tourism projects undertaken in Belize. The Initial Environmental Examination, undertaken in June 1986 when the Project was originally authorized, found that the planned activities would not have any direct effect on the physical and natural environment. A negative threshold determination was subsequently recommended and approved on June 29, 1986.


The Project is now being amended to increase the overall authorization amount by \$400,000 for additional support to the Belize Chamber of Commerce and Industry. The increased funding is needed to fully fund the Chamber's ongoing export and investment promotion activities at previously planned levels (\$70,000) and to expand and add new activities in three areas.

1. Training and technical assistance (\$80,000): This will include a Junior Achievement program, additional training under the Entrepreneurs International program, and direct technical assistance to small export-oriented businesses.
2. Handicraft Development (\$90,000): A.I.D. funds will be used to help establish a marketing center, conduct resource management plans, develop new raw materials, carry out training and provide assistance to improve craft and business management skills under the policy direction of a National Handicraft Board.
3. Trade and Policy Analysis (\$160,000): A new unit will be created in BCCI to gather and analyze data and develop position papers advocating the changes needed to attract investment and improve Belize's competitiveness in world markets.

B. Environmental Considerations

Essentially, the Project support provided under Activities 1 and 3 are a continuation of A.I.D.'s institutional support to BCCI and will not have any direct or predictable indirect impact on the environment.

If successful, Activity 2 - Handicraft Development, could adversely impact on the environment by increasing the demand for raw materials already in short supply. Damage to the environment may also occur if the means of extracting raw materials is not adequately monitored.



This would be used in paying the required technical personnel, providing the required equipment including computers, office equipment and a vehicle, payment for data bases subscriptions and the acquisition of library materials, elements of local and foreign travel, the training of staff, the conducting of seminars and workshops and technical assistance for special studies. This can be set out as follows:-

<u>Line Item</u>	<u>US\$</u>
1. Personnel	85
2. Equipment & Supplies	35
3. Travel	10
4. Short Term T/A	25
5. Training	5
	<hr/> 160 <hr/>

5. Conclusion

The general feeling of the business community in Belize is that the EAI and the FTAS will completely eliminate the benefits of CBI. The majority, in particular those in citrus and sugar, are not supportive of the EAI. It is felt that the BCCI should be in a position to intelligently and accurately present the position of all these initiatives and be able to comment at a moment's notice on the impact and forecasted impact of the initiatives on the different sectors in our economy. This will help to put the arguments into the proper perspective and help assure that Belize does not get entangled in a debate which might be difficult to win. Hemispheric free trade is a reality and whilst we may enjoy a reasonable transitional period, we will have to come to grips with this sooner rather than later. We need to begin this process now. The BCCI has been playing a lead role in sensitizing the business community and the public sector on this. However, we need help to be able to perform this leadership role effectively. We are confident that provided with the resources, the BCCI can develop its capacity to be able to reinforce its role in preparing the public and private sectors for the changes which are upon us and guide everyone towards trade liberalization.

We may add that we are confident that what is being prepared is consistent and supportive of the US Government's trade initiatives objectives. The aim is to see Belizean businesses become more efficient and competitive. Whilst this is happening there is need to eliminate trade barriers and work towards fully open markets. The medium to long term goal continues to be sustainable economic development.

August 2, 1991

Most of the handicrafts produced in Belize are made of natural fibers, wood, slate, clay, horn, and shells. All are indigenous, though stocks vary. None, except for a nascent effort to seed Queen Conch (*Strombus Gigas*) are intentionally propagated. Consequently, natural regeneration has not been able to keep up with the demand. While there are strict controls on some like coral, in practice none are well protected. For example, the elevated prices noted for products made of zericote, a local hardwood preferred by wood carvers, are due more to the increasing difficulty of finding marketable trees rather than the artistic, "one off" nature of the artwork. While the situation with shells and coral is similar, less critical materials--like clays, marble, onyx, jade and other minerals--also risk depletion if their extraction is not adequately managed.

As is, the handicraft industry in Belize is small and poorly organized. Left unassisted and without direction, the pressure on raw materials, particularly the traditionally endemic varieties, would increase to the point of exhaustion. If the handicraft industry is to realize the full potential of the opportunities represented by the unparalleled growth of tourism, questions of sustainability must be addressed as an integral part of the development assistance.

Admittedly, controls on harvesting and mining natural raw materials will not be popular nor well accepted unless it is part of an overall effort to maintain sustainable rates of extraction, increase efficiency, improve competitive advantage and effective market promotion.

Consequently, environmental concerns will be addressed by explicit measures requiring that:

- a. the supply situation for raw materials be carefully assessed prior to the initiation of any handicraft promotional efforts;
- b. resource management plans be developed as part of the preparation of specific handicraft development plans; and
- c. BCCI will seek to obtain the endorsement of environmental PVOs analogous to the "Smart Woods" stamp as a policy supporting environmental concerns.

C. Recommendation

Since the Project itself will have no significant direct impact on the natural or human environment, and support under the handicraft element is conditioned on adequate measures being in place before hand, a negative threshold determination is recommended.